مركز الأهرام

Austria	Sch. 20	Indonesia	Rp 2500	Portugal	Esc 90
Bahrain	Din 0.650	Italy	L 1500	S. Arabia	Rls 6.00
Belgium	BFr 45	Japan	Y550	Singapore	S$ 4.10
Canada	C$1.00	Jordan	Fils 500	Spain	Pta 125
Cyprus	C£0.70	Kuwait	Fils 500	Sri Lanka	Rup 30
Denmark	DKr 8.00	Lebanon	£L 25.00	Sweden	Skr 7.00
Egypt	E£1.00	Luxembourg	LFr 45	Switzerland	SFr 2.20
Finland	Fmk 6.50	Malaysia	Rgt 4.25	Taiwan	NT $35
France	FFr 6.00	Mexico	Pes. 300	Tunisia	Din 0.600
Germany	DM 2.20	Morocco	Dh 6.00	Turkey	L 250
Greece	Dr 80	Netherlands	Fl 2.75	U.A.E.	Dh 6.50
Hong Kong	HK$ 12	Norway	Nkr 7.00	U.S.A.	$1.00
India	Rup. 15	Philippines	Pes. 20		

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,921 — Tuesday May 6 1986 — D 8523 B

Battle for world food markets, Page 18

World news | Business summary

Waldheim fails to get absolute majority

Kurt Waldheim, former UN secretary-general and a controversial candidate in Austria's presidential election, narrowly failed to win an absolute majority in last Sunday's election, but the result is a major blow to the ruling Socialist Party.

Waldheim won 49.6 per cent of the vote, putting him well ahead of Kurt Steyrer, his Socialist rival, with 43.8 per cent of the vote. A second round of voting will now have to take place at the latest on June 8.

Allegations that Waldheim was implicated in Nazi atrocities in the Balkans have fuelled an international controversy. The Israeli Government has launched a judicial inquiry into the matter, and has strongly hinted that it will downgrade its relations with Austria if Waldheim wins next month's run-off election. Page 3

Portuguese crash

A train crash at Povoa de Santa Iria, northeast of Lisbon, led to 14 deaths and about 80 injuries.

Peru assassination

Guerrillas hurling two grenades assassinated Carlos Ponce, a Peruvian rear-admiral as he was leaving his home in Lima.

Sudan agreement

Sudan's political parties appeared to have reached agreement on the formation of the new national Government which will formally take over power from General Swareddahab's military council today.

Turkish shake-up

Turkey's Nationalist Democratic Party, once the favourite party to win the 1983 general election, has dissolved itself as a prelude to a political shake-up on the country's right. Page 2

Sikh reprisals

Sikh extremists shot dead six people and wounded eight in Punjab in the latest reprisals for a police raid on the Golden Temple in Amritsar. Page 2

Swedes expelled

Czechoslovakia ordered the expulsion of two Swedish diplomats from Prague. The move was a direct retaliation for Sweden's decision to expel five Czechoslovak citizens, including four diplomats, suspected of espionage. Page 3

Belgian strike

Coal miners defied their trade unions and stayed on strike at four of Belgium's five pits as the rest of the country prepared itself for a 24-hour public service strike against planned austerity measures. Page 3

Assad in Jordan

Syrian President Hafez al-Assad arrived in Amman on a state visit, marking a new stage in reconciliation between the neighbouring states which almost went to war in 1980. Page 2

Dominican violence

President Salvador Jorge Blanco of the Dominican Republic cancelled a planned trip to the inauguration of Costa Rican President-elect Oscar Arias this week after the deaths of two people in his country in pre-election violence.

New Silkwood trial

More than 11 years after Karen Silkwood's death, the US Supreme Court cleared the way for a new trial on whether the Kerr-McGee Corp must pay millions of dollars in damages for her radiation injuries. Damages were sought after it was discovered that Silkwood had suffered radiation contamination.

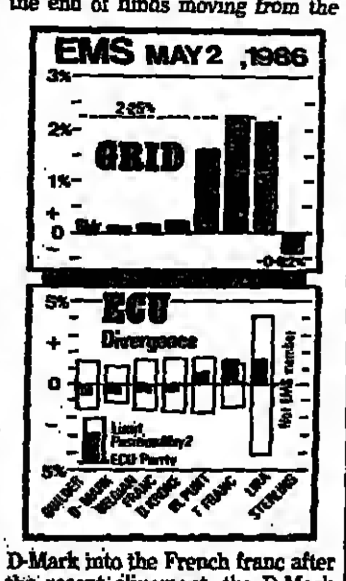
Third World Prize

African National Congress president Oliver Tambo accepted the annual $100,000 Third World Prize and medal on behalf of jailed black nationalist leader Nelson Mandela and his wife.

US bank will pay $264,000 penalty

FIRST BOSTON, US investment bank and securities trading company, has agreed to pay a $264,000 penalty as part of a settlement of an insider trading case brought by the Securities and Exchange Commission. The company also agreed to give up about $132,000 in alleged profits from the transaction involving its holding in Cigna, the large US insurance group. Page 24

EUROPEAN Monetary System: There was little overall change in the EMS last week with trading affected by May Day holidays. The D-Mark and Dutch guilder remained at the bottom of the system. There was speculation, however, that with the end of funds moving from the D-Mark into the French franc after the recent alignment, the D-Mark may start to improve, putting pressure on an already weak Belgian franc. The French franc remained the strongest currency despite a small reduction in French money market intervention rates.



The chart shows the two constraints on European Monetary System exchange rates. The upper grid, based on the weakest currency in the system, defines the cross rates from which no currency (except the lira) may move more than 2¼ per cent. The lower chart gives each currency's divergence from its "central rate" against the European Currency Unit (ECU), itself a basket of European currencies.

WALL STREET: At 3pm the Dow Jones industrial average was 15.75 higher at 1,790.43. Page 38

FRANKFURT: Stocks fell on uncertainty ahead of the Tokyo summit outcome. The Commerzbank lost 29.4 to 2,109.0 in thin trading. Page 38

TOKYO was closed for a national holiday. Looking to the Summit for a guide, Page 38

LONDON was closed for a bank holiday.

GOLD: In New York the Comex June settlement was $344.20.

RUBBER: Officials from 33 countries gathered in Geneva to resume talks on a new price stabilisation pact for rubber. Page 8

BANCO Comercial Portugues, first privately owned commercial bank to be established in Portugal since the 1975 revolution, opened its first two branches in Lisbon and Oporto.

SAATCHI & SAATCHI, advertising agency, is understood to be in merger talks with Ted Bates of the US which could lead to the creation of the world's largest advertising agency. Page 20

BURNS PHILP, Australian foods group, paid RJR/Nabisco of US A$178m ($128m) for its yeast and vinegar operations. Page 22

FIAT chairman Gianni Agnelli said his family was ready to buy the 15.19 per cent stake in Fiat held by the Libyan Arab Foreign Investment Company. Page 20

HOLDERBANK, Swiss group which operates one of the world's three largest cement businesses, increased its net consolidated earnings by 32.9 per cent to SFr 167m ($91.8m) in 1985. Page 21

CATHAY PACIFIC: Over a third of applicants for a stake in the Hong Kong airline are to be allotted shares. The offer was over-subscribed almost 33 times. Page 24

Leaders see prospect for further round of interest rate cuts

Summit agrees to strengthen links on economic policies

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT, IN TOKYO

GOVERNMENTS of the seven leading industrial nations agreed yesterday to strengthen the international co-ordination of economic policies and indicated that they see the prospect of a further round of interest rate cuts.

Meeting on the second day of the Tokyo Economic Summit, the Seven also agreed to broaden the scope of consultations by the Group of Five (G5) governments to include participation by Italy and Canada. The Group of Five – the US, Japan, West Germany, France and Britain – framed last September's Plaza accord push down the value of the dollar.

Mr James Baker, the US Treasury Secretary, said that the improved co-ordination would build on the Plaza agreement as a means of improving the functioning of the exchange rate system. "This has been a long day but a very good day for improved international economic co-operation Mr Baker told a news conference.

Mr Baker, however, rejected a call from his Japanese counterpart, Mr Noburu Takeshita, for joint central bank intervention to prevent a further dollar slide and reaffirmed that the Washington Administration has no target for its value against other currencies.

Mr P.W. Botha, the South African President, is understood to have sent a personal letter to each head of state at the Tokyo summit urging them to acknowledge publicly that reform is taking place in South Africa. Page 20

The accord on stronger co-ordination, to be outlined in a communique published today says that joint monitoring of economic policies by the main industrial nations should be based on a range of indicators.

Mr Nigel Lawson, the UK Chancellor of the Exchequer, said the indicators would range from growth and inflation, to money supply growth, reserves, and interest and exchange rates.

The draft communique approved yesterday also says that in conducting multilateral surveillance of economies the industrial nations will urge finance ministers to "provide their best efforts to reach an understanding on appropriate remedial measures, whenever there were significant deviations from an intended course."

It recommends that remedial action should focus first on underlying policy fundamentals while "reaffirming the 1983 Williamsburg commitment to intervene in currency exchange markets when to do so would be helpful."

Mr Lawson said that the summit agreement did not mark a "leap forward" from the agreement on closer co-ordinaton at last month's meeting of the International Monetary Fund, although it would give added impetus to the process.

West Germany and Japan also played down the significance of the agreement, indicating that they had accepted the form of words in the communique only after the US had dropped a demand that the indica-

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Details, Page 2; Editorial comment, Page 18; Lex, Page 20; Looking for a guide, Page 38

Tokyo nations adopt anti-terrorism code

BY JUREK MARTIN AND REGINALD DALE IN TOKYO

THE SEVEN leading industrialised nations yesterday pledged to make maximum efforts to fight international terrorism, but stopped short of agreeing on the total economic isolation of Libya long sought by the US.

Their declaration on terrorism, the highlight of the first full day of the Tokyo summit, identified Libya by name as a supporter and sponsor of terrorism, despite initial reservations by some of the US's allies.

It laid out six mostly diplomatic and political actions that the summit nations, and preferably others, could take against terrorist nations and was hailed by the US and Britain as the strongest Western stand so far.

Mr George Shultz, the US Secretary of State, and other US officials said that Washington's next step would be to pull American oil companies out of Libya. One US official said that the company's licences would not be renewed after June 30.

Concluding the summit's political agenda, the leaders of the seven nations – the US, the UK, France, West Germany, Italy, Canada and Japan – also called for a new international convention requiring information exchanges on nuclear accidents and emergencies, and lamented the Soviet Union's failure to provide such information after last week's Chernobyl disaster.

The declaration, however, made no mention of any linkage between Moscow's handling of Chernobyl and the Soviet commitment to verifiable arms control, as the UK and some other countries had wanted.

The relative toughness of the terrorism declaration owed much to the personal intervention of Mrs Margaret Thatcher, the British Prime Minister. She had insisted in yesterday morning's session that an earlier, weaker draft which the US had indicated it could accept, be strengthened.

The final text was welcomed by Mr Shultz as "terrific, strong and positive." He said it sent a message to Col Muammer Gadaffi, the Libyan leader, which read: "You've had it, pal, you're isolated."

Sir Geoffrey Howe, his British counterpart, felt that the inclusion of the US and Canada, and especially, Japan, in a joint declaration significantly expanded the consensus already reached inside the European Community.

The six measures are:

- A ban on arms exports.
- Restricting, reducing and possibly closing diplomatic and other official missions.
- Improved extradition procedures.
- Stricter immigration and visa requirements.
- The closest possible co-operation between police and security services.
- Denial of entry to terrorist suspects, including diplomats, banned from one of the seven countries.

There was no mention of a reduction in imports of Libyan oil, which President Reagan has urged on both Italy and West Germany in the past two days.

France and Japan expressed reservations about the legal competance of the seven to dictate such steps. But British officials empha-

Continued on Page 20

Benetton profits up record 140%

BY ALAN FRIEDMAN IN VENICE

BENETTON, the Italian casual clothes producer, which has been growing rapidly in recent years, yesterday announced plans to open nearly 800 shops in 1986, almost all of them outside of Italy.

The ambitious opening programme, which would bring the total number of Benetton outlets in 57 countries to 4,000, was announced with record Benetton results for 1985.

The company's consolidated net profit jumped by 140 per cent to L96bn ($64m) last year, on group sales of L880bn, up by 35 per cent. The level of sales last year, which is more than double that of 1982, makes Benetton for the first time Italy's largest clothing manufacturer, overtaking GFT of Turin

Benetton, which is 100 per cent owned by the Benetton family, is planning to enter the Milan stock market next month with is first-ever share issue. The equity offer is expected to raise about L150bn and will be part of a larger operation also involving the issue of two equity-linked bonds. About 30 per cent of the Milan share issue is likely to be offered to non-Italian investors.

By far the most ambitious part of Benetton's 1986 store-opening plan will be in the US, where the company opened its first shop only four years ago and today has a total of 439. Benetton says it expects to reach 600 shops by the end of the year, an increase of 161 this year. In the UK, where there are 214 shops, the plan is to have 285 by the year-end and 325 shops by December 1987.

BENETTON RESULTS (L bn)

Year	Turnover	Net profit	Total shops
1983	450	13.2	2,250
1984	652.4	40	2,660
1985	879.5	96.2	3,200
1986 (fcst)	1,050	110	4,000

The Benetton success formula appears to be based on the company's ability to combine fashion with industry, using computer-aided designs and thousands of piece-workers to make brightly coloured sweaters and other clothes. The shops are not owned by Benetton, but must obtain Benetton approval to open and must be decorated to Benetton rules and with Benetton-chosen furniture, and must sell only Benetton clothes, which are supplied from factories in Italy, Spain, France, Scotland and the US.

Benetton expects to follow this year's programme with the opening of an additional 500 shops in 1987.

Mr Luciano Benetton, chairman of the group, said in Venice yesterday that he was hoping to expand in Japan from 56 shops at present to 220 shops by 1989. He also said there were plans to open shops in India and discussions were in progress with China, the Soviet Union and the Philippines. Mr Benetton said the group was hoping to develop a foothold in Eastern Europe based on recently-opened outlets in Hungary, Yugoslavia and Romania.

The company said yesterday its net profit represented 11 per cent of turnover in 1985; one of the highest such margins in Italian industry. Benetton's net debt was L97.5bn at the year-end, equal to half of its capital base. About 60 per cent of 1985 turnover came from outside Italy, where Benetton had 1,810 shops, compared with 1,395 inside Italy.

Montedison results, Page 20

Intricate footwork from the French double act

By Reginald Dale in Tokyo

FRANCE'S Summit partners have been treated to the spectacle of an intricate, and unprecedented, pas de deux as Socialist president François Mitterrand and Gaullist premier Jacques Chirac made their debut on the international stage as the country's rival but "co-habiting" leaders.

Their exits and their entrances have been choreographed down to the last detail, with the elaborate ritual of a Kabuki theatre, to allow both to maintain an appropriate Gallic dignity in a land where it is important not to lose face.

Mr Chirac's delicate task has been to establish his status as a "co-equal" on foreign policy, without in the process quarrelling with Mr Mitterrand before a foreign audience or appearing to show disrespect to the French presidency. It has been made more difficult by the unwillingness of his summit partners to allow two French leaders at the top table when they have only one – even one for France, some of them feel, can sometimes be more than enough.

Mr Chirac's main strategem for achieving this was to arrive on a regular Air France flight yesterday afternoon, too late for the opening dinner on Sunday night at which Mr Mitterrand had the right, as President, to "eat for France." Mr Mitterrand came by Concorde and was accorded full state honours as his country's leader on Sunday afternoon.

Mr Chirac also managed to miss most of the leaders' political discussions and took his place at the summit table for the first time in plenary session, to the right of Mr Mitterrand, at a time when other ministers were in any case admitted to sit with their leaders.

Last night's dinner was specially expanded to allow all the Heads of Delegation to bring a colleague, so as to accommodate Mr Chirac. While in Tokyo, he should be able to fulfil his objective of participating in every important meeting that Mr Mitterrand does.

Mr Chirac has brought his own advisers and official spokesman. He has said that when Mr Mitterrand gives his closing press conference, he plans to be "in front of the table, behind the table but not under the table."

Under this complicated deal, Mr Chirac will only be allowed to hold private meetings with lead-

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Hopes rise for Afghanistan settlement

BY WILLIAM DULLFORCE IN GENEVA

HOPES for an agreement on the future of Afghanistan, to include withdrawal of Soviet troops, are cautiously blossoming with the resumption in Geneva yesterday of negotiations between Afghanistan and Pakistan.

The resignation of Mr Babrak Karmal from the leadership of the Afghan Communist Party on the eve of the resumption is interpreted by Western diplomats as signalling a desire in Moscow for a political settlement to the Afghan crisis, which arose when Soviet troops occupied Kabul, the Afghan capital, in December 1979.

That view is further strengthened by the announcement in Kabul that Gen Nabibullah, 39, would succeed Mr Karmal, 57, as leader. Gen Nabibullah, a tough and efficient former security chief, immediately said he would "reinforce the armed forces fighting the rebels."

His appointment is seen in Moscow as a guarantee that a friendly regime would continue in power in Kabul as part of a political settlement, according to diplomats in Moscow and Kabul.

The breaking of the procedural impasse that deadlocked the Afghan-Pakistani talks in Geneva last December is seen as a further indication.

"We can now go for the substance [which is] the linkage between the agreement on non-interference in Afghanistan and the withdrawal of troops," Mr Diego Cordovez, the United Nations mediator, said yesterday.

The Soviet Union and the US had given "unequivocal support" for a negotiated settlement, Mr Cordovez added. Over the past two months he has negotiated intensively in visits to Kabul, Islamabad, Moscow and Washington to obtain a resumption of the "proximity" talks between Afghanistan and Pakistan.

In those talks, Mr Sahabzada Yaqub-Khan, the Pakistani Foreign Minister, and Mr Shah Mohammed Dost, his Afghan counterpart, do not meet face to face but communicate through Mr Cordovez.

The Afghans' insistence that Pakistan should drop its refusal to recognise formally the Communist regime in Kabul led to the breakdown of the talks in December

Kabul has now agreed that the "proximity" formula should continue to apply in the seventh round of negotiations, which opened yesterday.

The talks, which started in 1982, have already produced draft agreements on three of the four "instruments" to a settlement that would get the 115,000 Soviet troops out of Afghanistan and provide for the return of more than 4m refugees.

Two are bilateral agreements between Afghanistan and Pakistan affirming the principle of non-interference in each other's affairs and providing for the voluntary return of the refugees with a detailed list of their rights and freedoms.

The third contains the texts of declarations in which the US and Soviet Union guarantee the terms of the settlement.

Chernobyl reactor leaks 'almost sealed off'

BY PATRICK COCKBURN IN MOSCOW

THE LEAK of radiation at the Chernobyl reactor has been almost sealed off and radiation levels have fallen steeply, a senior Soviet official said yesterday.

Mr Boris Yeltsin, a non-voting member of the Politburo and head of the Communist Party in Moscow City, said in Hamburg that "further leaks from the reactor have almost been stopped." The cloud of radioactivity over the plant was beginning to disappear and a new one had not formed.

The radiation in the area around the Chernobyl plant had dropped to slightly above 100 roentgens an hour compared with 200 roentgens last Friday, said Mr Yeltsin, who is in Hamburg for the West German Communist Party Congress.

He added that the contaminated soil around the Chernobyl reactor, destroyed in an accident on April 26 was being deactivated by "radiological technology which neutralises radiation in the soil."

Mr Yeltsin has recently become the de facto spokesman for the Soviet Union to try to defuse concern abroad about the consequences of the Chernobyl accident, but his detailed information about operations to control the disaster have not been reported in the Soviet media. Soviet television and the press continue to say that western accounts of the accident are exaggerated.

Some 49,000 people had been evacuated from a 30-kilometre zone around the plant, according to Mr Yeltsin's account of the accident given over the weekend

CONTENTS

Signs of disharmony mar efforts to agree on exchange rates

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT

AS summit governments yesterday pledged enhanced co-ordination of economic policies to ensure that the present recovery is sustained, it was clear that the consensus on the immediate course of exchange rates was looking distinctly frayed.

Finance ministers from the seven leading industrial nations were putting the final touches to a communique which will commit them to widening international co-operation from exchange and interest rates to more fundamental economic policy issues.

The work was being described by Mr James Baker, the US Treasury Secretary, as building on last September's Plaza Agreement when the Group of Five took joint action to push down the value of the dollar.

If the governments are broadly agreed on the need to strengthen what finance ministers tend to call "mutual surveillance" of each others economies, sharp divisions have emerged on an approach to current trends on the foreign exchange markets.

Mr Noburu Takeshita, Japan's Finance Minister, found a plea to his colleagues for concerted intervention to avert a further rise in the value of the yen sharply rebuffed by Mr Baker.

The US Treasury Secretary, who gave no sign of being ruffled by the recent sharp drop in the dollar's value, told his Japanese counterpart that the US currency's fortunes would be left to "market forces."

Washington's view that even after the sharp devaluation of the dollar since September, the US current account deficit and the Japanese surplus will stick at about \$100bn and \$60bn respectively next year has left it far from sympathetic to calls for intervention.

Senior European officials at the summit said that their conversations with the US Treasury Secretary had left them with the impression that over time he would welcome some further dollar depreciation.

West Germany held back from an explicit request for joint action by central banks, but left the US in no doubt as to its concern over the speed of the dollar's decline.

"The dollar has fallen by 40 per cent against the yen and by 32 per cent against the D-mark since September," commented Mr Gerhard Stoltenberg, the West German Finance Minister. "That is enough," he added, pointing to the dangers of rising interest rates and inflation in the US if the dollar slides out of control.

The West German finance minister pointed out that those concerns were shared by Mr Paul Volcker, the chairman of the US Federal Reserve. Mr Baker was unmoved.

"We don't see any evidence of that and we're not concerned about that and we don't think it will happen," he said.

Instead the US Treasury Secretary focused on his complaints that other industrial countries, particularly Japan and West Germany, are not doing enough to speed up the pace of growth in their economies—an alternative to another dollar depreciation as a means of curbing the US trade deficit.

Mr Takeshita, a contender for the leadership of Japan's governing party later this year, who has seen his popularity fall in inverse relationship to the yen's rise, made a series of calls for market stability.

By last night, however, it seemed that the most he would secure was an informal agreement from other finance ministers that they would stop "talking up" the yen, and an oblique reference to intervention in today's communique.

The tensions over exchange rates were not the only sign of disharmony at the talks among finance ministers. Although the communique talks of a step forward in bringing Italy and Canada into the substantive deliberation of the Group of Five industrial nations, its drafting was frequently acrimonious.

On the first day of the summit an Italian spokesman told journalists that Mr Bettino Craxi, the Italian Prime Minister, was prepared to walk out of the sessions if an acceptable formula was not found to admit his government.

The compromise finally agreed—against the wishes of France and the European Commission—is a classic fudge.

Finance ministers of the seven summit nations will now meet more regularly but the Group of Five—the US, Japan, West Germany, France and Britain—will also continue to hold their own meetings.

The division of responsibility between the two groups is deliberately unclear. Mr Lawson said that the Five would continue to take charge of the mutual "surveillance" of economic policies which is central to enhanced co-operation. Canada and Italy would be called in when important decisions on, say, intervention, were to be taken.

Mr Lamberto Dini, the head of Italy's central bank, gave a totally different interpretation. Acknowledging that at times the negotiations had become "agitated" he said that the key functions of the Group of Five had now been passed to the seven.

Meanwhile M Jacques Delors, the President of the European Commission, wondered what would now become of the Group of 10, which gives a voice to a number of smaller industrial nations like Belgium.

When the ministers and heads of state of government were not arguing who should be in what group, however, there was some cause for optimism.

Senior officials reported that Mr Baker was looking for another round of concerted interest rate cuts in the near future. Although dates were not discussed because of the sensitivities of absent central bankers, there was speculation that France might lead another round.

There was also some satisfaction with the agreement to broaden the scope of co-operation beyond interest and exchange rates to include the monitoring of economic indicators ranging from GNP, to inflation to unemployment.

The language in today's communique will not be as firm as the US administration would have liked, but Mr Baker expressed himself well satisfied with the progress so far made.

If the indicators show that the policies adopted by one of the seven nations are not conducive to balanced and sustained growth, it will now be obliged to provide "its best efforts to reach an understanding on appropriate remedial measures."

The tensions over exchange rates were not the only sign of disharmony at the talks among Finance Ministers. But when they were not arguing about who should be in what group, there was some cause for optimism in other areas.

Chernobyl victims offered assistance

THE TEXT of the Tokyo summit declaration on the Chernobyl nuclear accident reads:

"1. We, the Heads of State or Government of seven major industrial nations and the representatives of the European Community, have discussed the implications of the accident at the Chernobyl nuclear power station.

We express our deep sympathy for those affected.

We remain ready to extend assistance, in particular medical and technical, as and when requested.

2. Nuclear power is and, properly managed, will continue to be an increasingly widely used source of energy. For each country the maintenance of safety and security is an international responsibility, and each country engaged in nuclear power generation bears full responsibility for the safety of the design, manufacture, operation and maintenance of its installations. Each of our countries meets exacting standards.

Each country, furthermore, is responsible for prompt provision of detailed and complete information on nuclear emergencies and accidents, in particular those with potential transboundary consequences.

Each of our countries accepts that responsibility and we urge the Government of the Soviet Union, which did not do so in the case of Chernobyl, to provide urgently such information, as our and other countries have requested.

3—We note with satisfaction the Soviet Union's willingness to undertake discussions this week with the Director General of the International Atomic Energy Agency (IAEA).

We expect that these discussions will lead to the Soviet Union's participation in the desired post-accident analysis.

4—We welcome and encourage the work of the IAEA in seeking to improve international co-operation on the safety of nuclear installations, the handling of nuclear accidents and their consequences, and the provision of mutual emergency assistance.

Moving forward from the relevant IAEA guidelines, we urge the early elaboration of an international convention committing the parties to report and exchange information in the event of nuclear emergencies or accidents.

This should be done with the least possible delay."

Reuter

Pledge to employ maximum efforts to fight terrorism

THE text of the Tokyo summit declaration on international terrorism said:

1. We, the Heads of State or Government of seven major democracies and the representatives of the European Community, assembled here in Tokyo, strongly reaffirm our condemnation of international terrorism in all its forms, of its accomplices and of those, including governments, who sponsor or support it.

We abhor the increase in the level of such terrorism since our last meeting and in particular its blatant and cynical use as an instrument of government policy. Terrorism has no justification. It spreads only by the use of contemptible means, ignoring the values of human life, freedom and dignity. It must be fought relentlessly and without compromise.

2. Recognising that the continuing fight against terrorism is a task which the international community as a whole has to undertake, we pledge ourselves to make maximum efforts to fight against that scourge.

Terrorism must be fought effectively through determined, tenacious, discreet and patient action combining national measures with international co-operation.

Therefore, we urge all like-minded nations to collaborate with us, particularly in such international fora as the United Nations, the International Civil Aviation Organisation and the International Maritime Organisation.

3. We the Heads of State or Government, agree to intensify the exchange of information in relevant fora on threats and potential threats emanating from terrorist activities and those who sponsor or support them and on ways to prevent them.

4. We specify the following as measures open to any government concerned to deny to international terrorists the opportunity and the means to carry out their aims and to identify and deter those who perpetrate such terrorism.

- refusal to export arms to states which sponsor or support terrorism;
- strict limits on the size of the diplomatic and consular missions and other official bodies abroad of states which engage in such activities, control of travel of members of such missions and bodies and, where appropriate, radical reductions in, or even closure of, such missions and bodies;
- denial of entry to all persons, including diplomatic personnel, who have been expelled or excluded from one of our states on suspicion of involvement in international terrorism or who have been convicted of such a terrorist offence;
- improved extradition procedures within due process of domestic law for bringing to trial those who have perpetuated such acts of terrorism;
- stricter immigration and visa requirements and procedures in respect of nationals of states which sponsor or support terrorism;

Reufer

Thatcher bent on keeping legend alive

BY JUREK MARTIN AND REGINALD DALE

Margaret Thatcher

ONE OF the most important ancillary aspects of summits is that they must play well in Peoria, Nagoya and all points in the participating countries in between. Leaders, to be brutal about it, have to be seen to be leading.

It is therefore inevitable and understandable that the British party here should be portraying this summit as a singular exercise in the leadership capabilities of Mrs Margaret Thatcher, the Prime Minister.

Everybody does it, and sometimes there is some mutual support. Mr George Shultz, the US Secretary of State, was even moved to gush that Mrs Thatcher was a "terrific leader," again indicating that the US is still looking for ways to reward the Prime Minister for her support over the raid on Libya.

The case for Mrs Thatcher, as outlined by her retinue, is that Britain went into the summit with four objectives and achieved all of them, not always with help from the US (she was said to have been upset by the "feebleness" of some American officials in the first drafting of the statement on terrorism).

The four goals were to reaffirm the overall thrust of Western economic policy (not difficult), to generate discussion on agricultural surpluses and subsidies (the beginning of a long road) and to bring forth meaningful statements on terrorism and the Chernobyl disaster.

Whether by accident or design, the legend of her toughness was bolstered yesterday morning when cameras got a fleeting glimpse, in the course of a photo opportunity, of her notepad. This contained a scribbled message, apparently from Mr Charles Powell, her political private secretary, that the all night deliberations of the sherpas had produced a document on terrorism that was "pretty weak." It was, of course, sent back for redrafting, at her direction.

Mrs Thatcher came to Tokyo from a lightning tour of the South Korean military-industrial complex, in which she missed not a moment to proclaim the superiorities of the free system of the West over the inherent secretiveness of the Communist Soviet Union. Perhaps for fear of contamination, she even declined an offer to put her foot in North Korea while visiting Panmunjon in the demilitarised zone.

In fact what emerged in Tokyo was somewhat at variance with the message she seemed to be preaching in Seoul. Then she was said to have been talking about specifically linking Chernobyl with the question of the Soviet commitment to verifiable arms control.

Such a connection was notably absent from the summit declaration, perhaps because not all of her co-summiteers shared her view, and perhaps because, in his discreet way, Sir Geoffrey Howe, the Foreign Secretary, counselled moderation.

But even Sir Geoffrey sounded positively Thatcheresque when he spoke of the British role in "mobilising collective courage" at the summit, especially in influencing Japan to go along with the terrorism statement.

Curiously, the one audience from which Mrs Thatcher received less than rave reviews was the hitherto adoring American press. Her mistake may have been to engage in what was close to an altercation with another doughty lady, Ms Helen Thomas, doyenne of the White House press corps.

Mrs Thatcher told Ms Thomas not to exaggerate about terrorism—"all right, got the message?" and tersely told the others not to ask questions during "photo opportunities." Told at one point by Ms Thomas that she must be "feeling her oats," she seemed at first not to understand but then responded, alarmingly, that she felt "peppy, bright-eyed and bushy tailed."

In that mood, she might spare a thought, or not, for her host, Mr Yasuhiro Nakasone, the Japanese Prime Minister, who does not seem to have had the happiest of summits, for all the fact that he is described as having been an effective chairman.

He has endured a rocket attack by domestic radicals, been unable to stop the Americans from talking up the yen, and been obliged to sign a document which names Libya as a perpetrator of terror. That may well play in Peoria, but not in Nagoya.

Japanese embarrassed over breakdown of security measures

BY OUR FAR EAST EDITOR

HEADS may well roll in the Japanese establishment as a result of the failure of the authorities to prevent Sunday's rocket attack in the vicinity of the summit.

Yesterday, Japanese officials, among them Mr Shintaro Abe, the Foreign Minister, expressed regret for the incident. Sir Geoffrey Howe, his British counterpart commented that the assault was a reminder of the current omnipresence of terrorism — a typical foreign reaction of the summit.

Responsibility for the action was claimed yesterday by the radical left-wing group known as "Chukaku-ha" (or "middle core faction), probably the best known indigenous dissident group.

It issued a statement that the Tokyo summit was "a war conference." "Imperialist longing for a new world war should be executed," it went on. It said that "the warlord" (President Reagan) was "trampling on the rights of the Libyan peoples."

Japanese authorities, however, doubt that Chukaku-ha has any substantial foreign connections. Though born in the anti-American foment of the 1960s, its targets and rhetoric have been exclusively domestic—most notably against the Narita airport outside Tokyo and against what it sees as a militaristic Japanese Government.

The process of domestic recriminations are bound to start as soon as foreign leaders have left. It is customary in Japan for somebody in authority to assume responsibility when something goes wrong, though how far up the ladder an axe will fall is a matter of conjecture.

Nevertheless, it is indisputable that the Japanese Government has been embarrassed by the failure of the forces of law and order to prevent Sunday's assault. If the real purpose of Chukaku-ha was to shame the authorities, they appear to have succeeded.

OTHER OVERSEAS NEWS

South Korean students battle police

BY STEVEN B. BUTLER IN SEOUL

VIOLENT clashes between thousands of South Korean students and police erupted over the week-end in the city of Inchon, forcing the cancellation of an opposition rally to promote democratic reform of the Constitution.

The fighting, which broke out after a week of rising confrontation on university campuses, threatens to derail an opposition strategy of pressuring the government through a series of mass rallies, which previously were mainly peaceful.

It also marks a bitter turn of events for the New Korea Democratic Party, which organised the rally, and signals a split between the moderate opposition and an increasingly extremist student movement.

Students turned their wrath in Saturday's clash not only against the governments of the US and Korea, but also against the NKDP itself which they say is too accommodating. Rioting students and workers burned an NKDP car, as well as a police truck used for launching tear gas. They also started a fire that gutted the local headquarters of the ruling Democratic Justice Party.

In an unusual step, the state broadcast system showed film clips of students savagingly beating captured riot police and plainclothsmen with wooden clubs. Police reported that more than 100 police were injured, five seriously. It is not known how many students were injured in the fighting, which lasted for over five hours.

Police detained more than 300 students and workers, and yesterday placed 129 under formal arrest. Police yesterday also declared two pan-university student organisations, the Jamintu and Minmintu which were said to be behind the rioting, to be procommunist, clearly signalling a harsh crackdown in the offing.

Opposition leaders have accused police of provoking the clash by firing tear gas into a crowd which had assembled peacefully, a charge which police deny.

A rift in the opposition emerged early last week, when Mr Kim Dae-Jung led other dissident leaders in denouncing anti-Americanism and radicalism. The opposition must now respond to government charges that opposition activities have encouraged extremism and violence.

Police in Bangladesh arrest 36

POLICE wielding bamboo batons dragged opposition party supporters from Bangladesh's largest mosque yesterday, beating and arresting three dozen people opposed to parliamentary elections this week, Reuter reports from Dhaka.

The incident at the Moslem country's foremost place of worship came after a prominent opposition leader was confined to her home by troops and police and an independent watchdog group accused the government of violating fair election practices.

The government denied that Begum Khaleda Zia, leader of the Bangladesh National Party (BNP), had been arrested. It has, however, cracked down harshly on the party which is boycotting Wednesday's elections.

The police told Reuters police used their lathis "to prevent illegal actions."

Sikh extremists kill Punjabis

SIKH extremists have killed seven people in Punjab in apparent reprisal for last week's police raid to dislodge separatists from the Sikhs' holiest shrine, Amritsar's Golden Temple, police said yesterday, Reuter reports from New Delhi.

The attacks came as Mr Surgit Singh Barnala the state's moderate Sikh Chief Minister, battled against revolt within his own Akali Dal Party by members who accused him of violating the sanctity of the shrine.

Mr Barnala ordered commando-led security forces into the sprawling marble complex last Wednesday to oust separatists who had declared a Sikh nation, Khalistan, in northern India 24 hours earlier.

Police said extremists shot dead seven people in four attacks on Sunday taking the toll to at least 18.

Nasa suffers third disaster of year

BY NANCY DUNNE IN WASHINGTON

AN eight-member committee convened yesterday to investigate the destruction on Saturday of a Delta rocket, an accident which has brought the US space programme to a virtual halt.

The rocket, which carried a \$57.5m (£37.5m) weather satellite, suddenly lost power shortly after its launch Saturday night, forcing Nasa, the US space agency, to destroy it as it veered towards populated areas. It was the third American space disaster this year and the fourth since last August.

Yesterday was to have been a day of celebration at Nasa, as the agency marked the twenty-fifth anniversary of the first US manned space flight. Instead, distraught officials are facing their worst time since Nasa's early days when a series of failures also dogged the agency and US technological pre-eminence seemed in doubt.

Officials said they had no idea what caused the abrupt failure of the Delta's engine but they raised the possibility of a stray radio signal and for the first time ever wondered aloud about sabotage. The Delta had been the most reliable US rocket, having failed only 11 times in 177 previous flights. Now it has been grounded, along with Titan rockets which suffered two explosions in August and last month, and the shuttle, grounded since the January 28 disaster.

The implications of the accident are far-reaching. Spying and military missions will be delayed for months, if not years, creating a weakness in US observation capability that may prevent an arms control agreement and delay or discredit the strategic defence initiative. Senator Patrick Leahy, the ranking Republican on the Appropriations subcommittee which oversees the Nasa budget, said yesterday that while the US is "not vulnerable today . . . we're really in a bind with so many unanswered questions and so many (accidents) coming at once."

Other senators called for a total revision of Nasa's goals towards research and development, concentrating on military missions and foregoing commercialisation of space. They will now turn to the more immediate question of finding more than \$5bn to pay for the four accidents.

Agip rejects Phillips oil field offer

By Fay Gjester in Oslo

THE Italian group Agip, one of two foreign oil companies offered a chance to increase its stake in a small Norwegian oil and gas field, Tommeliten has refused. The other company, the French group Fina, announced its acceptance last week.

The extra shares became available earlier this year, when Phillips Petroleum, originally a 25 per cent partner on the field, relinquished its stake. It did not want to participate in a NKr 4.8bn (£1.1m) field development proposed by the largest stake holder, Statoil.

Fina and Agip were given 60 days in which to decide whether they wanted to take on part of Phillips' share in proportion to their initial holdings.

Fina opted to boost its stake from 15 per cent to 20 per cent, thereby increasing its investment commitment from about NKr 750m to nearly NKr 1bn. Agip, a 9 per cent partner, could have increased this to 12 per cent. The extra 3 per cent will now be taken by Statoil, Norway's national oil company.

Right-wing Turkish party disbands

By David Barchard in Ankara

TURKEY'S Nationalist Democracy Party (NDP) once tipped as the favourite to win the 1983 general elections, has dissolved itself in a prelude to a major political shakeup on the right.

The NDP was set up with the military's blessing three years ago by retired General Turgut Sunalp. However, it came a poor third in November 1983, winning only 77 seats in Parliament.

In the March 1984 local elections which—unlike the general elections — all parties were allowed to enter, the NDP performed even worse, picking up only 6 per cent of the votes.

Last year General Sunalp was replaced as leader by Mr Ulku Soylemezoglu and since then, the party has been trying to arrange a marriage with another right-wing leader with more following in the country. Its only asset is its representation in Parliament.

Though a few former NDP members may join the ruling Motherland Party, its main body is expected to join forces with Mr Mehmet Yazar, former President of the Union of Commerce and Industry.

Assad visit marks better Syria-Jordan relations

BY RICHARD JOHNS

PRESIDENT Hafez al Assad yesterday began a state visit to Jordan—his first since 1977—marking a further stage in the cautious rapprochement between the two neighbouring countries started at the end of last year.

Senior Jordanian officials stress, though, that no dramatic change for the better in relations and return to the close collaboration of the mid-1970s can be expected.

Prospects for a continuation of the process of reconciliation were improved by King Hussein's abandonment in late February of a co-ordinated strategy with the Palestine Liberation Organisation aimed at a Middle East peace settlement.

At the same time, however, the two regimes are deeply divided over the Gulf conflict—the cause of the rift in 1980 which brought the two countries close to war—King Hussein will not attempt to improve relations with Syria at the expense of his fulsome support for Iraq in its conflict with Iran.

During his talks with the Syrian leader the Hashemite Monarch's main concern will be to persuade him to stop backing Iran. In his attempt to do so King Hussain will be fortified by the fact that Saudi Arabia and Kuwait are also putting all the diplomatic pressure they can muster on Damascus.

President Assad's visit to Aman, complementing the one made by King Hussein to Damascus on December 30, had been widely anticipated following Jordan's break with the PLO. But the actual timing surprised some diplomatic observers coming so soon after Arab foreign ministers failed to agree upon an agenda for a summit last week in Fez.

Amman was angered by Syria's support for Libya in its insistence that the sole topic for discussion at any top-level gathering should be the US raids of April 15.

Nevertheless, King Hussein probably believes that he can resume the dialogue with President Assad from a position of strength because of Syria's isolation in the Arab world, its embarrassing failure to engineer a political settlement in Lebanon

Sudan parties agree on power sharing

By John Murray Brown in Khartoum

SUDAN'S POLITICAL parties appear to have reached agreement on the formation of the new national government which will take over power from Gen Swareddahab's military council today.

After much deliberation it was agreed that Umma, the party with most seats in the new assembly, should take eight cabinet positions, the Democratic Unionists six and the southern parties to share the remaining four ministerial portfolios.

Both the Prime Minister and the speaker would be from Umma.

The National Assembly meeting set for today is expected to vote in a five man Supreme Council, the country's new sovereign body. According to high ranking official of DUP both the religious head of the party, Mr Osman Mirghani, and Gen Swareddahab have declined the position as chairman of the council.

The one outstanding issue remains the part to be played by the fundamentalist National Islamic Front.

Finnish food workers call off planned strike

LABOUR unrest in Finland eased yesterday when 40,000 food workers accepted a last-minute pay offer and called off a scheduled walk-out, Reuter reports from Helsinki.

A settlement for striking workers in other sectors is not yet in sight, industry analysts said. Strikes continued among 10,000 builders and 1,200 power supply workers who have pledged to step up stoppages this week if no agreement is reached with employers. Some 17,000 electricians are also on strike or locked out.

Some 15,000 state employees started a strike in support of their pay claim in the Helsinki area on April 2 and were joined by another 27,000 nationwide two weeks later, disrupting trains, flights and postal services.

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Paris undeterred by Soviet nuclear disaster

BY DAVID MARSH IN PARIS

ELECTRICITE DE FRANCE has denied that the Chernobyl nuclear accident will have any impact on the operation of France's four older gas-cooled nuclear power reactors which, like the stricken Soviet plant, use graphite as a moderator.

However, France will make use of any information from the Soviet Union over the Chernobyl accident to improve, if necessary, security precautions in force in the gas-graphite reactors, which were built in the 1960s.

Depending on the overall performance of EdF's nuclear network, however, this could lead to a decision on economic grounds to close down the gas-graphite plants somewhat early than expected during the next few years.

Mr Pierre Tanuy, French utility's inspector-general for nuclear safety, said the four gas-graphite reactors would not be affected by the Chernobyl accident. Although they shared the common feature of graphite moderation, they used a completely different technology. EdF says their gas-cooling system prevents the risk of fire which hit the Chernobyl plant. Additionally, any radioactive leaks in the case of mishap would be held back from the atmosphere by the reactors' concrete screening.

EdF has more than 50 nuclear reactors in operation or under construction. Apart from the four gas-graphite plants and two fast breeder reactors, they are all pressurised water reactors judged to be considerably safer than the older plants.

EdF already plans to phase out the gas-graphite reactors in coming years in line with the build-up of its overall nuclear network, where six further 1,300 Mw PWRs are due to come on stream in the next few years.

EdF officials say privately that this schedule of plant closures could be accelerated as a result of the Cherbonyl disaster. The utility anyway looks like having more nuclear reactors than needed to meet electricity demand in France and neighbouring countries in the early 1990s.

The Chinon-A2 gas-graphite reactor which came on stream in 1965 was closed for good last year. Its sister A-3 reactor, which went on stream in 1966, on the same site in Loire south-west of Paris, has been out of action since May 1984 for internal repairs. Mr Jacques Leclerc, head of EdF's thermal production service, said any "complementary information" from the Soviet authorities over reactor safety would be taken into account when Chinon A-3 eventually resumed service.

Belgian unions to strike today

By Paul Cheeseright in Brussels

BELGIANS expect to be without trains and buses, to see state schools closed, to go without mail and have a reduced television service today, when public sector unions stage a one-day strike against planned Government spending cuts.

The strike could spread into state-controlled industrial sectors like ship-building, but coal miners are returning to work after a fortnight's strike. The airports are likely to be closed.

The union action is the biggest threat to the security of the centre-right coalition government of Mr Wilfried Martens since it won an increased majority at last October's general election.

Inside the Government the strike is seen as the last chance of the Socialist opposition to overturn the coalition. If the strike does not spread, officials believe the coalition is secure for the next three years.

Senior ministers are meeting at a chateau in the Brussels suburbs putting the last touches to a programme of budget pruning which will affect all sectors of official spending.

The programme, expected to be announced in the middle of the month, will cut BFr 200bn (£3bn) from the state's annual deficit of BFr 620bn.

Patrick Blum on round one of Austria's presidential election

Waldheim deals blow to Socialists

DR KURT WALDHEIM, the former United Nations Secretary-General and a controversial candidate in Austria's presidential election, narrowly failed to win an absolute majority in Sunday's election. The result is nonetheless a major blow to the ruling Socialist Party. Dr Waldheim, although notionally an independent, is supported by the opposition People's Party.

If the trend away from the Socialists was repeated in a general election the People's Party could hope to have an absolute majority in parliament for the first time since the 1966 general election. Dr Alois Mock, the party's leader, said the outcome of the presidential election was "sensational."

Dr Waldheim, who fought against allegations of war-time Nazi connections, won 49.6 per cent of the vote putting him well ahead of Dr Kurt Steyrer, his Socialist rival, with 43.6 per cent of the vote. Ms Freda Meissner-Blau, the Green candidate, won 5.5 per cent of the vote and Mr Otto Scrinzi, on the far right, won 1.2 per cent. 89.5 per cent of those entitled to vote did so.

A second round of voting will take place at the latest by June 8. Dr Waldheim and Dr Steyrer said that they were pleased with the results but both found it difficult to hide their disappointment—Dr Waldheim at having missed victory by only 16,500 votes and Dr Steyrer because of the lower than expected level of support for his candidature. Dr Steyrer suffered from the current unpopularity of the Socialist Party.

In the forthcoming weeks the Socialists are hoping to distance their candidate as much as possible from the Government and to play down the controversy over Dr Waldheim. Dr Steyrer's objective is to try to win some of the Green vote and to persuade about 5 per cent of those that abstained to vote for him this time round.

Socialist officials concede they had underestimated Dr Waldheim's combativity and his ability to use the controversy to maximum advantage. Some felt that the Government's own intervention in support of Dr Steyrer had not been helpful. "They are so far away from the people they don't really see what is going on in the country," one official said.

Either candidate may still win but Dr Steyrer's task is likely to prove the most arduous as he attempts to make up the ground lost to Dr Waldheim.

With few exceptions there was a clear swing away from the Socialists throughout Austria. Dr Waldheim appears to have made inroads among Socialist voters and to have

Waldheim: combative

scooped up the vote of supporters of the small right-wing Freedom Party, the junior partner in the coalition with the Socialists.

In Austrian presidential elections the individual personality of the candidates matters more than in parliamentary elections. The controversy over Dr Waldheim's past was a factor. Dr Steyrer said on Sunday night he was certain that the controversy had "played a positive role in Dr Waldheim's favour."

Nevertheless, it remains that Dr Steyrer, as the Socialist Party's candidate and as a former minister closely associated with the government, did worse than any other Socialist candidate in a presidential contest since the war.

The socialist vote fell markedly in some of the party's heartlands including Vienna where Dr Steyrer won only 51.7 per cent of the vote compared to 56.6 per cent for the Socialist Party in the May 1983 general election. Dr Waldheim won 39.1 per cent of the vote compared to 33.6 per cent for the People's Party in 1983. Ms Freda Meissner-Blau, the Green candidate, won 8.2 per cent of the vote.

The prospect of another round of voting was greeted with little enthusiasm at Party headquarters. Dr Mock, leader of the People's Party supporting Dr Waldheim, has called for the election date to be brought forward, possibly to May 25, in order to put an end to what he describes as the ugliest election campaign in the country's post-war history.

The election timetable, however, remains in the Government's hands and it is unlikely that it will want to bring the date forward. The Socislists believe that with more time their own candidate will stand a better chance.

Allegations prompt Israeli investigation

By Andrew Whitley in Jerusalem

THE Israeli Government has launched a judicial inquiry into the alleged Nazi past of Dr Kurt Waldheim, the leader in Sunday's first round of the Austrian presidential election. It strongly hinted yesterday that Israel will downgrade its relations with Austria if the former UN Secretary General wins the run-off election.

If Dr Waldheim becomes president, "we will not take into account limits of diplomatic considerations in our reaction," Mr Shimon Peres, the Prime Minister, said yesterday.

In a further sign of the growing official Israeli involvement in an affair which shows no signs of diminishing, tha Knesset yesterday set up its own committee to monitor the Government's handling of the Waldheim controversy.

In New York on Friday, Mr Yitzhak Shamir, the hard-line Foreign Minister, said that a Waldheim victory would be "a real tragedy from all points of view — political, diplomatic and human."

Government officials in Jerusalem moved yesterday to limit the damage caused by Mr Shamir's characteristically outspoken remarks.

Swedes predict high rate of cancer cases

UP TO 8,000 Europeans could develop cancer because of radiation exposure from the nuclear plant disaster in the Ukraine, Swedish scientists said yesterday, Reuter reports from Stockholm.

The forecast was made by Sweden's Radiological Protection Institute as countries across Europe reported falling levels of radiation. No levels immediately dangerous to humans were found although some countries told farmers to take precautionary measures.

Mr Gunnar Bengtsson, head of the Swedish Institute, told a press conference that preliminary calculations suggested the number of people contracting cancer due to the April 26 accident at the Soviet reactor in Chernobyl would range from 80 to 8,000.

"Our estimates show that the Chernobyl disaster is 1,000 times worse than the (US) Three Mile Island accident in 1979 as far as radiation is concerned," he told a news conference.

Mr Bengtsson said Sweden would be lightly affected, with a maximum of eight cancer cases forecast in the country over the next 40 years as a direct result of the Soviet accident.

He suggested that many more people may develop cancer in the Ukraine and nearby parts of Eastern Europe due to radiation from Chernobyl, but did not elaborate.

Swedish scientists have compared radioactive fallout from the disaster to that of a 30-megaton atomic blast—more than 2,000 times stronger than the bomb dropped on Hiroshima in 1945.

Britain's National Radiological Institute said that readings in the air had dropped considerably since Saturday but that readings on the ground in Britain resulting from rain remained "significant" and were being watched.

Tests on milk have found radiation levels well within safety limits but the Government says it is taking every precaution and has stepped up the checks.

West Germany said yesterday it was setting up a working group to examine whether it could claim compensation from the Soviet Union for eventual damage to crops and fresh produce by fallout from the Chernobyl disaster.

Government spokesman Norbert Schaefer told a news conference that a party of justice and agriculture ministry officials "will consider whether the government can sue tha Soviet Union for eventual damage."

Poll finds 60% of Swedes oppose nuclear power

BY KEVIN DONE IN STOCKHOLM

AS MANY AS 60 per cent of Swedes would vote against nuclear power if the country were to hold a new referendum on the issue according to an opinion poll taken in the wake of the Chernobyl nuclear disaster in the Soviet Union.

In a referendum held in 1980, 38.6 per cent of Swedes wanted a rapid phasing out of nuclear power by 1985.

Sweden is the only country in the world with a major nuclear power industry which is committed to phasing out nuclear energy. Nuclear power accounts for close to 50 per cent of Swedish electricity generation, but the Government is committed by the 1980 referendum to closing down the country's 12 reactors by the year 2010.

According to the opinion poll conducted by Sifo, the Swedish opinion research institute, only 26 per cent of Swedes would not vote in favour of nuclear power with 13 per cent undecided.

Resistance to nuclear power is particularly strong among women, where three out of four are now opposed to nuclear energy.

In a poll taken five years ago, one year after the referndum, Swedes were almost equally divided in their views with 45 per cent in favour of nuclear power and 42 per cent against.

The nuclear power debate, which raged in Sweden during the second half of the 1970s and which led directly to the downfall of one government, has inevitably been rekindled by the Chernobyl disaster.

● Czechoslovakia yesterday ordered the expulsion of two Swedish diplomats from Prague. The move was a direct retaliation against Sweden's decision last week to expel five Czechoslovakian citizens, including four diplomats, suspected of espionage.

A SHARP increase in public opposition to the expansion of nuclear power development in Britain is indicated in the first opinion poll to be undertaken since the Chernobyl disaster, writes our Political Staff.

A Gallup survey of 489 people on Friday and Saturday for the BBC's "This Week Next Week" programme and published in yesterday's Daily Telegraph, showed that 44 per cent believed Britain should not expand its nuclear power system. Moreover, about 31 per cent said the UK should stop nuclear generation of electricity altogether.

INSIGHT INTO CORPORATE STRATEGY

IBJ: Internationalisation To Bank On

The Japanese financial system is in the throes of dramatic change as the Ministry of Finance deregulates and internationalises market segments hitherto strictly controlled. The Industrial Bank of Japan is the country's oldest and largest long-term credit bank and Japan's only bank with dual AAA/Aaa ratings.

Mr. Kunio Seiki, General Manager of IBJ in London and Mr. Yoshiyuki Fujisawa, Managing Director of IBJ International, describe how their bank intends to play new markets created by liberalisation.

By Glenn Davis

Mr. Knoio Seiki
General Manager
IBJ London Branch

Mr. Yoshiyuki Fujisawa
Managing Director
IBJ International Limited

A competitor once labelled IBJ 'The Premier Financial Institution of Japan' because of the bank's dominant position as a supplier of long-term loans to Japan's burgeoning industrial base. More than 90 per cent of the country's top 200 companies have established a relationship with the bank. Today, IBJ management is attempting to expand its international business, forseeing the creation of a banking and securities business of international repute. Spearheading that development in London is IBJ International, which aims to spread its wings as a merchant bank and securities house.

"Our niche is in providing long-term credit and expertise in corporate finance," claims Mr. Seiki. "IBJ has a long history in wholesale banking—lending to companies rather than individuals—and our experience in servicing a wide variety of industries and projects has provided us with a place in the forefront, as an unbiased corporate adviser. Because of such connections, we can easily act as an intermediary for all sorts of financing, as well as promote some well-tailored services to suit individual needs."

IBJ's expertise extends beyond the boundaries of its home ground: the bank's overseas activities include an advisory role in several projects such as the Dover Channel Link project. It has aided many of its clients in establishing manufacturing bases abroad while similarly advising European and US corporations on how to build bases in Japan.

Lean But Effective

IBJ is specifically structured to provide long-term funds for industry through issuing debentures. IBJ therefore has not needed a broad network of domestic branches to gather funds from depositors. This leanness of operation is an asset rather than a liability. Though it is the world's 16th largest bank in terms of assets (Institutional Investor, June 1985), IBJ has only 23 domestic branches, making its assets-per-employee ratio among the highest in Japan (or anywhere else).

Deregulation, Mr. Seiki admits, has presented IBJ with new headaches as competitors encroach upon its traditional turf. "However, long-term credit interest rates have already been completely liberalised in the sense that they reflect true market conditions."

IBJ's traditional expertise still commands a major role in the provision of long-term debt, even though other banks have become more aggressive in long-term finance. IBJ's loan portfolio increased by 15 per cent in 1984-85, 70 per cent of which was accounted for by long-term business.

Short-term rates have been partially deregulated since October 1985 and Mr. Seiki sees this trend accelerating over the coming months. "We are hoping that the opening of the long-term market and the liberalisation of short-term rates will create more opportunities for IBJ. We are not worried that such deregulation will increase costs since we do not collect deposits from savers."

More Deregulation

However, relaxing control over interest rates is only part of the deregulation sweeping Japan. The other is the dismantling of restrictions on various financial institutions. Unlike most sophisticated financial markets, Japan has been heavily regulated until now. For example, banks could not take an active role in the securities industry.

It will not be much longer before the Ministry of Finance reconsiders 'Article 65' of the Securities and Exchange Law which blocks banks' entry into the securities business. "It cannot help but change," states Mr. Fujisawa who argues that the entry of non-Japanese banks into the market as securities houses leaves Japanese banks at an odd disadvantage in their home market.

Partly in reaction to ongoing reform in its domestic market, IBJ has been expanding its efforts overseas. After a relatively late arrival on the international scene, compared to other Japan-based rivals, IBJ has opened offices around the world in order to challenge rival Japanese commercial banks.

In addition to its 38 overseas offices, IBJ recently purchased a majority interest in J. Henry Schroder Bank & Trust Company in New York. Mr. Seiki believes this move will open doors to significant opportunities with a wider range of clients both in the US and overseas. IBJ has established a majority-owned subsidiary in Australia and plans to upgrade its Madrid office to branch status.

In order to expand its securities business in Japan, IBJ recently formed an international investment service company called "IBJ Capital Management". With an international securities operation already in place, the complete liberalisation of the domestic securities market would allow IBJ to better coordinate its worldwide operations with the Japanese parent and with associated companies already active in the Tokyo securities market.

London at the Centre

Naturally, the London financial centre figures highly in IBJ's plans. "It is exceedingly important for us to maintain a merchant banking arm such as IBJ International," explains Mr. Seiki. "It is the frontrunner of IBJ in terms of securitisation," agrees Mr. Fujisawa. "During the last few years IBJ International has experienced a high rate of growth because the lowering of interest rates and deregulation have allowed Japanese issuers to come to London in larger numbers while institutional investors are flocking here to invest in Eurobonds."

Mr. Fujisawa takes a more cautious approach than some of his competitors who have been tempted into lemming-like headlong rushes. "My policy is to build an enduring business with a sound organisation and base. Some of the competition shoots up the league table of issuers by aggressive pricing but it will be difficult for them to maintain such a policy. We are not short-term; we have a long-term outlook as an experienced and sophisticated bank."

A creative flair for new financial instruments is vital for expansion. Mr. Fujisawa believes that as the parent bank becomes more immersed in the securities market, it will be essential for him and his colleagues to provide increasing assistance and insight into the Euro-capital markets to their counterparts in Japan and the US. "We must supply the IBJ network with new financial devices. It will then be able to advance and provide us here at IBJ International with more business opportunities."

Mr. Fujisawa puts forward three principles: "We have to be creative, and also tenacious enough to turn ideas into workable products. Finally, teamwork is the essential ingredient. As the saying goes, there is nothing new under the sun, and all new ideas are founded in old information. Therefore, to expand and develop ideas, you need teamwork."

Teamwork is closely related to effective recruiting and both these IBJ executives put a great deal of emphasis on their bank's continuous drive to hire the best personnel.

"In that way, IBJ can better handle the more sophisticated customer demand of today and therefore be acknowledged as an international bank by the worldwide financial community," says Mr. Seiki.

Mr. Fujisawa follows up by saying, "I want to nurture better-qualified and more professional company employees and thus create the optimum environment for the enjoyment of work. Our guiding philosophy is to develop good, lasting relationships with our clients as well as with other financial institutions. In the long run, everyone benefits."

OVERSEAS NEWS

Anthony Robinson describes the travails of a company providing a vital service to black communities

Blacks' life line under growing pressure

IN South Africa the logistics of the apartheid system are as complicated as the politics. Every day millions of black commuters face lengthy journeys from the townships to their jobs in white homes and factories.

Tha worst off are those forced by the homeland policy to live in the crowded "closer settlements" which have sprung up at the extremities of homelands closest to the white conurbation. Tens of thousands of black workers have to get up hours before dawn in homelands like Kwa Ndebela to start the three hour journey to places like Pretoria, Johannesburg or Witbank.

Even those lucky enough to live, legally or illegally, in the cramped matchbox houses of townships like Soweto less than 20 kms from the centre of Johannesburg often face lengthy walks to their final destination because of (white) local authority ordinances which insist that black bus stations remain on the outskirts of central business districts and refuse stopping rights for black buses in the city centre.

Apart from the enormous human cost of this forced commuting, the subsidiea paid out by the government to the state run railways and private or municipal bus companies amount to over R1bn a year and represent one of the greatest hidden costs of apartheid.

For millions of black South Africans the day begins and ends with a ride on the grey-blue buses of the Putco Bus Company, a quinessentially South African institution which carried 323m black commuters last year. But Putco, unknown to most of its users, is not a state-owned corporation but a private company built up by three generations of a shrewd, hard working family of Italian immigrants, the Carleo family.

How Putco has weathered the last two years of violent unrest in the townships and homelands it serves reflects in microcosm the current and potential difficulties faced by private enterprise in South Africa.

Putco is in the front line. Last year a combination of violent unrest and rising black unemployment resulted in a 30m decline in passenger/journeys, while record inflation and rand depreciation led to sharp increases in fuel and vehicle replacement costs and foreign exchange losses on its foreign loans. This pushed it into a loss of R8m on revenues of R269m in the year to June 1985 and a further R20m loss over the second semester.

Some of the 20,000 moorners at the Soweto funeral of a 32-year-old bus driver killed in recent riots.

Since the current unrest began in August 1984 Putco has seen over 20 of its self-built buses—worth over R70,000 apiece—totally destroyed and another 88 partially hurnt. The 3,200-strong bus fleet has been stoned nearly 10,000 times and over 25,000 broken windows have had to be replaced. Over 230 of its black drivers, and many passengers, have been injured and three drivers have lost their lives. It is a grim, if only partial, picture of the cost to the black community—and Putco—of the increasiogly bitter struggle for black political emancipation.

Putco's problem is that it is such a visible target. Most blacks believe that the company, which is closely, even excessively regulated, by the government is actually government owned. (The government fixes fares and subsidies for uneconomic routes.) As such it is viewed, especially by black radicals, as the umbilical cord of apartheid.

Much of the damage has taken place during work stayaways or consumer boycotts. Crippling the Putco service is seen as a means of enforcing compliance —even though absence from work could—and often does—lead to dismissal for blacks desperate to keep their jobs and support their families.

Not all the damage is political, however. The company claims that rival black mini-taxi owners sometimes employ township Tsotsis (criminals) to slash tyres and otherwise immobilise vehicles in order to secure more traffic for themselves. This "unfair competition" from the often unlicensed black taxi operators spared the government imposed fare rigidity and other limitations on Putco's own operations, also takes away traffic from the otherwise profitable Putco routes—without any obligation to provide uneconomic or "social" services.

Despite its vulnerability, however, Putco's essential services to black communities, the fact that 98 per cent of its 9,800 workforce is black and the effort it makes to communicate with the people it serves, have helped inspire a reaction against the young radicals.

This changing mood was demonstrated last month when over 20,000 people turned out for the funeral in Soweto of Mr Jerry Mothibedi, a 32-year-old bus driver killed by young rioters. A line of 20 buses carried mourners and after the funeral 11 black organisations, including the rival United Democratic Front (UDF) and the black consciousness Azapo, signed a joint declaration condemning such actions and calling for an end to black on black violence.

Recently Putco also brought two black entrepreneurs and a black lawyer on to the seven-man board to emphasise its links with the black community, although the lawyer Mr Godfrey Pitje subsequently resigned after pressure from radicals who are against "collaboration."

The extra-ordinary pressures and complexities of operating such a high profile business serving the black community in such a tense and volatile climate demands considerable diplomatic as well as business skills. As Luigi Carleo, the 31-year-old General Manager (Administration) and son of chief executive Albino Carleo, explained at the company's headquarters in the Johannesburg suburbs (which is modelled on an Italian monastery): "Here at Putco we have to try and satisfy at least 10 different constituencies."

These include the government, the two main black unions (Putco was a pioneer in union recognition), its 9,800 employees; its shareholders. Radical blacks, who want Putco to cease running when they plan strikes or boycotts, and the police who want the buses to run under all circumstances to prove that things are normal.

Although control of Putco is firmly in the hands of the Carleo family through the 52.5 per cent stake of Carleo Investments, in other respects it is one of the blackest companies in South Africa.

Not only are all its passengers and most of its employees black; it has three blacks on the seven-man board, and one on the four-man board of tha Putco Foundation—which funds educational and other projects for the community out of revenue from bus-side advertising. What is more 140 of its 686 shareholders are black (the company is quoted on the Johannesburg Stock Exchange) —although betweeen them they own less than 1 per cent of the equity.

At present, however, all 16 divisional managers — responsible for individual profit centres—are white. Among them are a handful of "Verkrampte," Afrikaners who make little secret of their belief that "kaffirs" are capable of driving buses but could not run a depot or maintenance base to save their lives.

Now, according to Luigi Carleo, Putco is working on a plan to create its first all-black division. It is prepared to go outside the company if necessary to get the kind of black managers needed to make such a division profitable as the forerunner of fully integrated divisions throughout the company, opening up promotion prospects on ability and skill alone up to the highest level.

Apart from government subsidies, especially on the long routes to the outlying homelands which are the direct consequence of apartheid laws, Putco itself cross-subsidises certain sectors of the community for social reasons. It subsidises student fares to the tune of around R1.5 annually, for example, and carries black pensioners to collect their pensions on pay-out day.

Its main service, however, is that of providing a cheap, reliable mass transport system for millions of blacks dependant on jobs in white areas.

Given the rising black population and growing urbanisation tha Carleos believe they are in a good business with prospects for steady if unspectacular growth. Putco could be a major beneficiary from the abolition of apartheid and the erosion of racial attitudes which gave birth to it. At present Putco is not only over-regulated by central government but also hamstrung by white local authorities.

What worries us at Putco, says Mr Carleo, is that "if there is revolution the assets of this company will be destroyed in the process." The only hope, he adds, lies in the fact that transportation is a vital infrastructure which will be required by whoever takes power.

Two years ago, as Putco increasingly became a target in tha townships while Pretoria dragged its heels on subsidies and rate increases to compensate for inflation, the company asked the government to take over. This was refused on the grounds that running Putco on the bureaucratic lines of other state enterprises would soon produce loses besides which the current subsidies would pale into insignificance.

"Once destroyed it would take years to build up substitute for Putco — but in the meantime, without worker mobility, this country would be plungd into the ecomolc dark ages," he says.

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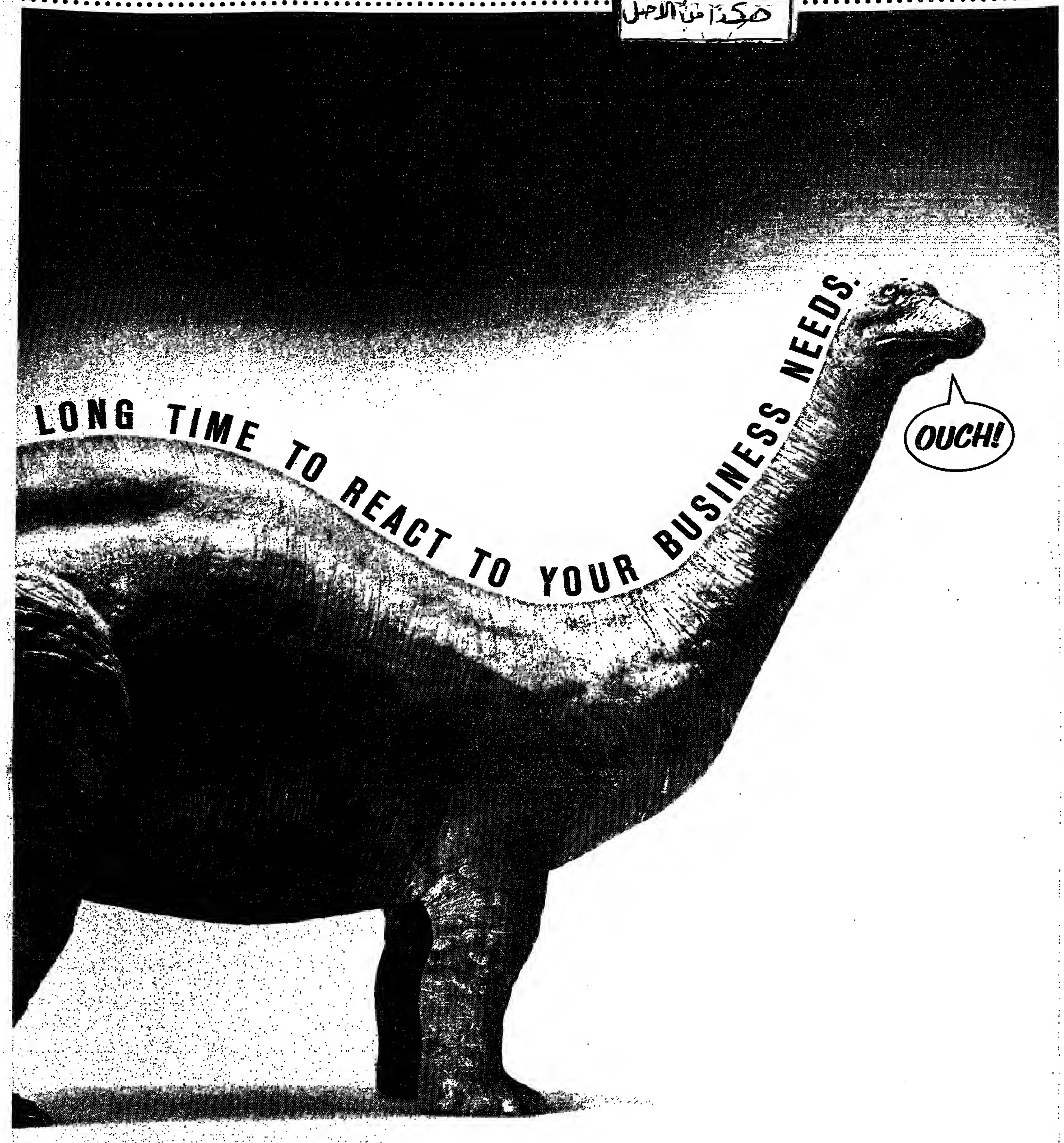
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Talks resume to end discord over fresh rubber pact

BY ANDREW GOWERS IN LONDON AND WONG SULONG IN KUALA LUMPUR

THE growing international disenchantment with commodity pacts faces another test in Geneva this week as officials from 33 countries resume negotiations on a new International Natural Rubber Agreement (inra).

The talks, over the next three weeks, will be watched with close interest by Western tyre companies and other rubber consumers. Failure to agree could provoke a steep fall in prices and the eventual sale of the rubber stockpile built up under the current agreement, which totals about 375,000 tonnes.

This is the second attempt by producing and consuming nations to agree on a replacement for the current Inra, which expires in September 1987. The previous round, a year ago, failed because of deep disagreements between the two sides over the range within which a second agreement should aim to keep prices by buying into and selling from its buffer stock.

But the climate for the talks has been further clouded by the collapse last October of efforts to support tin prices under the International Tin Agreement and by the failure earlier this year of negotiations on a new International Cocoa Agreement.

These events have fuelled increasingly public criticism of commodity agreements, both from consuming countries like the US and the EEC and from producers.

Malaysia, the biggest producer of both tin and rubber, has been particularly outspoken in its general criticisms of commodity pacts, although it claims still to support the rubber agreement.

Yesterday, Mr Mahathir Mohammed, the country's Prime Minister, reiterated his belief that the conditions of over-supply in most commodity markets had undermined the effectiveness of commodity pacts. Indonesia, the second biggest rubber exporter, is also keeping its participation in the agreement under review.

Differences over price apparently remain, with producers likely to argue for an increase in the Inra reference price—currently fixed at 201.7 Malaysian/Singapore cents a kg—in the face of stiff opposition from consumers.

The Malaysian Government argues that a price increase is justified because demand for natural rubber is likely to increase in the short-term as a result of the stimulus provided to Western economies by falling oil prices.

Consuming countries see no need for an increase in view of the low level of world market prices, which are below the Inra reference price. Tyre manufacturers are arguing that lower oil prices, far from stimulating demand for natural rubber, are likely to make synthetic products more competitive.

However, consumers are broadly satisfied with the operations of the current rubber pact. US officials say that it has avoided many of the pitfalls of the tin agreement

World Economic Indicators

RETAIL PRICES
(1980 = 100)

	Mar. 86	Feb. 86	Jan. 86	Mar. 85	% change over previous year
W. Germany	121.0	121.3	121.6	120.9	+0.1
France	160.5	160.0	160.4	155.8	+3.0
Italy	200.1	199.3	197.9	186.6	+7.2
Netherlands	122.7	122.6	122.4	121.9	+0.7
Belgium	141.9	142.1	142.0	139.8	+1.5
UK	144.7	144.5	144.0	138.8	+4.2
US	132.2	132.8	133.3	129.3	+2.2
Japan	114.8	115.1	115.4	113.4	+1.2

Source: Eurostat

UK wins £33.5m orders from S. Korea

By Steven B. Butler in Seoul

FERRANTI-MARCONI and Davy Mckee, both of the UK, have won contracts from South Korea worth £33.5m. The deals, which have yet to be signed, were announced by Mrs Margaret Thatcher, the British Prime Minister, in Seoul on a two-day official visit largely aimed at boosting trade relations between the two countries.

South Korea has ordered equipment for naval command and control worth some £30m from Marconi-Ferranti. The order arose out of the visit by a delegation of executives from leading British technology companies last June, headed by Mr Geoffrey Pattie, Minister of State for Industry and Information Technology.

Davy McKee has secured a £3.4m contract from the Pohang Iron and Steel Company (Posco) to modernise a hot strip mill at the company's Pohang harbour site. The mill was built originally by Mitsubishi of Japan.

The new contract further cements Davy's position as a major supplier of steelmaking technology in Korea. Davy is supplying two blast furnaces, worth over $100m to Posco at the Gwangyang bay site, where a major steel manufacturing complex is currently under construction.

Mrs Thatcher spoke glowingly of prospects for British trade in Korea, but she also warned that British companies would be unwilling to commit advanced technology to S. Korea if Korea did not strengthen copyright and patent protection.

Mrs. Thatcher said she supports the idea of opening a permanent EEC office in Seoul to promote trade ties

British officials said the steel contract is a significant example of Seoul's determination to diversify its trade away from Japan and to reduce excessive dependence on Japanese imports.

South Korea is expected to have a $4.1bn trade deficit with Japan this year against $3bn deficit in 1985.

Britain exported £250m worth of goods to South Korea in 1985 while importing £540m worth of South Korean goods.

Christian Tyler examines the high cost of subsidising British exporters

Stage set for stormy export finance battle

EVERY YEAR the British taxpayer, like his counterpart in most big trading nations, contributes several hundred million pounds to his country's export effort.

Most of this money goes not in leaflets and brochures, trade fairs or trade missions, but in helping the banks provide risk-free loans to exporters and their customers at below market rates of interest.

In the last financial year, the cost of providing fixed-interest export loans for British business was about £350m, of which £250m was interest-rate subsidy and the rest the margin paid to compensate banks for their time and trouble.

The year before, the cost was over £450m on loans outstanding, which total a hefty £12bn in sterling and foreign currencies. In the past ten years, Britons have paid £13.1bn in interest rate subsidies to support capital goods exports worth around £44bn, according to a report of the House of Commons public accounts committee last December.

MPs made is clear in the report that they believed the fixed-rate export finance scheme was costing too much. In particular, they said the margins paid to the banks might be too high, and called on the Treasury and Export Credits Guarantee Department to renegotiate them if that proved to be so.

Last month, the bad news finally landed on the banks' doormats in a letter from Mr Kit Farrow, assistant director of the Bank of England. The stage has been set for a stormy scene between Her Majesty's Government and the London banking community.

Speaking through the Bank, the Treasury has put forward a number of suggestions for cutting the cost of the scheme which it expects to table at the first negotiating meeting in several weeks' time.

First of all, it proposes a large cut in the margins on sterling and Eurocurrency loans, which stand presently at ¾ to 1 per cent and ⅝ to ¾ per cent respectively.

Banks raising money for loans insured by the government's Export Credits Guarantee Department are taking virtually no risk at all, the Bank says, and a look at the market suggests a margin of 1/16 per cent over the London Interbank Offered Rate (Libor) is large enough.

To that much reduced margin should be added 1/16 per cent and ⅛ per cent in the case of sterling, to reimburse banks for the cost of making up liquid asset ratios and for the mismatch between payment dates for the interest they receive from borrowers and the interest subsidy from the government. For sterling finance, the margin would thus rise to ¼ per cent.

First reactions have been fairly violent from those banks, including the leading merchants, who have large export finance portfolios. They accuse the civil servants of failing to understand the true cost of providing a service to exporters in a field where only one in 15 or 20 projects they tackle may actually materialise.

Mr Kit Farrow — looking for a sharp cut in margins

Furthermore, they claim that at the kinds of rate proposed, this class of export lending would actually be unprofitable. One said it could dry up entirely.

Most accept that "base" margins could come down. They are likely to concentrate therefore, on the Bank's offer to discuss other justifications for padding out the basic reimbursement.

But there is another strand to the argument, one likely to be pursued especially by banks who do more arranging than lending.

This is that much lower margins would mean the banks could compete more equally on fees. In that case, said one merchant banker, the Government should split the package, as in Italy and Spain for example, and pay separate lending margins and fees for the banks' work.

The banks are also being invited to consider wider use of the capital markets, whose greater variety and sophistication has been one of the big developments of recent years. Instead of raising export finance expensively on the short-term interbank market, they could tap the fixed-rate Eurobond market or issue floating rate notes or similar types of paper.

To encourage a greater spirit of adventure in looking for sources of money, the Bank (still speaking with the Treasury's voice) suggests that the banks might compete for the privilege of lending under ECGD cover, at least for contracts worth £50m or more.

This idea was greeted with humourless mirth by one banker, who doubted the ECGD's capacity to organise and judge a competition where banks' price quotations for export finance packages would be subject to change daily.

Capital markets would undoubtedly be a cheaper source of export finance for Britain, provided the technical difficulties can be overcome. The chief difficulty is that the funds have to be drawn down in full, but the money is lent out in stages over quite a long period.

There are some startling examples elsewhere. For instance the Swedish export credit agency, SEK, has been able to raise fixed-rate money at two full percentage points under Libor, by swapping fixed-rate borrowings into floating-rate funds.

Many of the arguments about capital markets have already been rehearsed in the ultimately abortive debate about whether Britain should establish an export bank. It remains to be seen how far the argument will get in a forum where civil servants are pitted against some of the best brains in export finance.

What is certain is that the banks—at least a majority of them—will fight tooth and nail for rewards which the taxpayer may think greedy, but which the banks insist are their just deserts.

It is a fair bet, too, that this latest Government attempt to ge value for money from an expensive scheme will be interpreted at evidence—yet again—that the Trasury does not love the British exporter.

SHIPPING REPORT

Lower oil prices help boost tanker market

BY ANDREW FISHER, SHIPPING CORRESPONDENT

THE TANKER market picked up last week, under the influence of lower oil prices. Demand shifted to areas like the Gulf and West Africa, where crude prices are most competitive, from the Mediterranean and North Africa.

Rates firmed in these areas, said E. A. Gibson Shipbrokers of London. Demand for big tankers from the Gulf, it added, "has probably been the most prolific for over a month."

For VLCCs (very large crude carriers) of over 200,000 deadweight tons, rate levels rose from just under Worldscale 25 to nearly Worldscale 30.

Gibson said tankers around the 80,000 dwt size were able to obtain rate premiums not seen for some time, one highlight of the market being the fixing of a 75,000 dwt ship for discharge in Australia at Worldscale 100.

Conditions remained dismal in the dry cargo market, and Denholm Coates noted that the weakness on the Atlantic spread into the North Pacific.

There was, however, some Soviet activity (transacted through front companies) on the grain market out of the River Plate in South America.

Saudis to press UK on Tornados

By Finn Barre in Riyadh

SAUDI ARABIA will press Britain to implement an offset investment programme for the recent $7.5bn purchase of Tornado fighter aircraft during talks between the British and Saudi Arabian defence minister which are due to begin today.

Mr George Younger, the British Defence Secretary, was expected here last night for three days of talks with Prince Sultan bin Abdulaziz, his Saudi counterpart, amidst growing concerns about the impact of falling oil prices on new contracts.

The deal was signed without any binding agreements to offset, and British Aerospace is unenthusiastic about investing in Saudi Arabia.

Ingersoll Rand clinches £30m Indian turbine deal

BY JOHN ELLIOTT IN NEW DELHI

THE UK subsidiary of Ingersoll Rand has clinched a £30m order to supply compressors and turbines for India's 1,700 km cross country natural gas pipeline.

The UK-based company won the order provisionally last month as a sub-contractor to a French-Japanese consortium led by Spie-Capag which was awarded a $600m contract to build the pipeline after two years of international competition. Spie expects to sign its main contract with the Gas Authority of India tomorrow.

Ingersoll Rand backed its offer with aid proposals from the UK, US and Canada and told the Indian Government it would supply the compressors and turbines from whichever country India chose on the basis of the financial packages.

New Delhi chose the British offer for £20m in sterling and $13m in US dollars which was backed with about £5m in grants from Britain's aid for trade provision budget, plus export credits from the US as well as the UK. Allison of the US is to supply the gas generators.

Spie-Capag is placing a contract worth about $40m with Alcatel of France and Cimsa, its Telemetry subsidiary, to supply a telecommunications system for the pipeline. Technology will be transferred to India's government-owned telecommunication company (TCL).

UK NEWS

Imported industrial relations ideas worry union chiefs

BY PHILIP BASSETT, LABOUR EDITOR

BRITISH WORKERS in foreign-owned companies operating in the UK are unlikely to accept unmodified overseas industrial relations practices, according to the Trades Union Congress (TUC).

The TUC has told an all-party parliamentary inquiry into the industrial relations practices of foreign-owned companies that it opposes the wholesale importing of such methods. It is its first statement on the industrial relations of tha growing number of non-UK-owned companies now operating in Britain.

Some practices such as single-union agreements, strike-free deals, even non-trade-unionism, have been causing the TUC considerable difficulty, particularly when they have been agreed with some of its largest affiliated unions.

The TUC says some policies adopted by foreign companies are sometimes "blatantly anti-union."

It accepts the dangers of national stereotyping of foreign-owned companies, and acknowledges that the practices of companies operating in the UK vary widely, and can work well. "Where the companies concerned, however, adopt approaches which take account of Britisb traditions and circumstances, industrial relations in foreign-owned companies can, and indeed do, work smoothly and effectively."

The TUC points to differences in US-owned companies, such as Ford and General Motors, in which there is extensive collective bargaining, and others such as IBM and other electronics companies, which are "deeply anti-union." Company-based trade unionism, which is dominant in Japan, "could not sit easily with traditional trade union structures in the UK," the TUC adds.

Government tests plan for profit-sharing

BY GEORGE GRAHAM

THE GOVERNMENT is to air its plans to encourage profit-sharing for the first time at a meeting of the National Economic Development Council next Monday. A discussion paper is being circulated proposing tax relief on part of an individual's pay that is directly linked to company profits.

The plans, first announced by Mr Nigel Lawson, Chancellor of the Exchequer, in his budget this year, have received an unexpectedly enthusiastic response from employers.

A poll published yesterday by the Institute of Directors showed that nearly three directors in four would be interested in introducing profit-sharing schemes for their companies.

The aim of the scheme is to increase the flexibility of the pay system, so that companies can weather a decline in profitability without having to make workers redundant.

Warning over oil spending cuts

BY DOMINIC LAWSON

THE OIL industry should not overreact to the recent collapse in the oil price, Mr Alick Buchanan-Smith, the UK's energy minister, told the 18th annual Offshore Technology Conference at Houston, Texas, yesterday.

Oil companies have recently announced a series of heavy cuts in their exploration budgets, including those for the North Sea.

Mr Buchanan-Smith said: "It is deceptively easy to destroy industrial capability, but no easy matter to recreate it when circumstances change. A heavy price has been paid for overreacting at the top of the oil cycle. Let us not compound that mistake by overreacting now as it reaches the bottom."

If exploration work did not speed up soon, the West might again become dependent on imported oil, he said.

Ulster tackles violent image in fight to create jobs

BY ALAN PIKE, INDUSTRIAL CORRESPONDENT

LAST WEEK was a particularly bad one for Northern Ireland, which suffers an overall unemployment rate of 21.7 per cent and local rates of up to nearly 40 per cent.

Only 24 hours after Rothmans, the cigarette and tobacco group, announced the closure of its Carrickfergus factory with a loss of nearly 800 jobs, the province's Industrial Development Board (IDB) disclosed that it bad managed to create little more than balf its target of 5,750 new jobs last year.

Attempts to promote new industry have to compete with a record of violence, probably the worst of all barriers to investment.

A new promotional video, made in several versions and languages acknowledges the security problem, but it tries to present a new perspective to it. Comparisons of murder rates are used to argue that it bas been far safer to live in Northern Ireland over the past 10 years than in large US cities.

Northern Ireland has an extremely small manufacturing base. Jobs in manufacturing declined from 170,000 to just over 100,000 between 1974 and 1984, and less than a fifth of all employment is now in manufacturing.

The province does, however, have most of the factors necessary in an area seeking to enlarge its manufacturing sector. Many of those factors were identified in a recent assessment by the province's Labour Relations Agency of the experience of 29 foreign-owned companies – 20 from the US and nine from elsewhere – that have located in Northern Ireland.

In additioo to the provision of substantial financial incentives, the companies gave the availability of a skilled labour force, access to plentiful natural or manufactured resources, a wide choice of factory accommodation and the quality of training facilities among their reasons for being in Ulster.

The report describes the responses of the overseas companies to their experiences in the province as "overwhelmingly positive", and says comments on labour productivity were usually "very generous indeed." In spite of the difficulty of making productivity comparisons between countries, "a higb work rate from Northern Ireland workers was an important plus with many companies."

Mr Larry Baker moved from the US four years ago to becoma plant manager of Fisher Body, a General Motors subsidiary with two factories in Belfast. It is, with 1,300 employees, one of the biggest industrial employers in Northern Ireland.

"You are bound to have a poor perception of a place when the only thing you see of it at bome is an occasional television flash of a car upside down and burning. Industrialists from the US who come to work in Northern Ireland, or who make visits with a view to opening factories, quickly form a different impression."

One of the things Mr Baker says he discovered was a strong sense of commitment to work from his new employees – the famous Northern Ireland work ethic, which the IDB highlights in its promotional efforts. That has permitted a number of developments in the Fisher Body plant that put it ahead of many on the UK mainland.

Mr Geoff Toplis, chief executive of the Northern Ireland Training Executive, says there are no acute skill shortages in the province. "Financial incentives are obviously an important factor in attracting investment. But there is evidence that with high-technology, research-based companies, it is not so much the financial incentives that matter as the skills you can offer. We are in the position of being able to export some of our best graduates."

Higher education in the province works closely with industry, and Queen's University, Belfast, is scheduled to become the first in the UK to provide significant computing experience for all students.

Economic upturn aids South

BY HUGH CARNEGY IN DUBLIN

LIKE NORTHERN Ireland, one of the biggest problems dogging the Irish Republic is unemployment. With some 18 per cent of the workforce without a job, the South has one of the highest national unemployment rates in Europe.

However, there have been some signs of progress recently. The jobless total at the end of April was 232,256, down by almost 5,000 since the end of March. The annual rise to the end of April of 4,300 was the smallest for six years.

An improving economic outlook, helped by lower oil prices, lower interest rates and a lower dollar, coupled with such government priming as social-insurance cuts on new jobs, have led to the improvement.

When comparing it with the North, the Republic also has the advantage of being one step removed from the political turmoil across the border. That is reflected in the contrasting performances of the Industrial Development Authority (IDA) in the Republic and its Northern Ireland counterpart, the Industrial Development Board (IDB) which both offer generous incentives and grant aid to lure foreign companies to their territory.

On the day last week that the IDB announced that it had fallen short of its 1985 job-creation target by nearly balf, the IDA was circulating details of a new 150-job, I£12.5m (£11.3m) investment in Ireland by Sterling Drug, the US pharmaceutical producer.

That was just the latest in a stream of more than 15 IDA-backed projects by foreign companies announced so far this year which will result in well over 2,000 jobs. They range from a 40-job project by Trivial Pursuits, the US game maker, to an I£20m investment by Yamanouchi, the Japanese pharmaceutical company. They include more wholly new foreign projects than the six secured by Northern Ireland in the year to the end of March.

Provisional figures for inward investment to the Republic in 1985 total around I£250m, which should produce about 9,000 new jobs.

The IDA claims growing success in promoting small indigenous industries. Last year small companies created 3,700 new jobs, a 20 per cent rise over 1984, and the authority is optimistic that 1986 will be better yet. The Republic has a long way to go, however.

In some western rural areas, unemployment reacbes oearly 50 per cent. There are still many loss-making state industries, and Irish companies in traditional manufacturing sectors have declined

UK NEWS

Marks & Spencer enters baby-products market

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

MARKS & SPENCER is entering the baby-products market, which has annual UK sales of more than £2bn a year, in a direct challenge to retail groups such as Boots and Mothercare.

M&S is to sell in selected stores a range of baby products, such as pushchairs and talcum powder, aimed at young children up to the age of three.

The move follows a successful test marketing last summer in a few stores and is part of the group's determination to capitalise on the market share it is building for children's clothes.

It also is part of the company's new strategy to develop new trading areas away from its traditional markets of fashions and foods. Last week M&S launched the first of a new chain of home furniture and furnishings stores.

The decision to expand into baby products is also a result of a rise in the birth rate in the past few years.

● The Tesco supermarket chain is investing more than £200m. in 11 new superstores over the next year, which will create more than 3,500 new jobs.

The superstores, in addition to Tesco's existing portfolio of 111 stores, are part of the company's plans to maintain its position as the UK's leading superstore operator.

Woolworth Holdings is to spend £43m on refurbishing some 300 Woolworth stores. Woolworth, which is subject to a takeover attempt by the Dixons Group, says: "The refurbishment programme is one of the most far-reaching changes in British retailing and we believe that shoppers will respond enthusiastically."

● Senior British businessmen still want to see Sunday trading laws reformed in spite of the failure of the Government's Shops Bill in the House of Commons.

The Institute of Directors, in a telephone poll carried out last month, found that nine out of every 10 directors polled wanted to see Sunday trading laws reformed, with a majority – 56 per cent – favouring complete liberalisation of shopping hours.

Beecham seeks new chief overseas

BY RICHARD TOMKINS

BEECHAM, the pharmaceuticals and consumer products group, has extended its search for a chairman overseas after failing to find a suitable candidate in Britain.

The chair has been vacant for six months after the ousting of the former incumbent, Sir Ronald Halstead, in a boardroom coup.

Sir Ronald had served only 15 months in the post when he resigned last November amid concern over the group's performance. Since then, Lord Keith of Castleacre, vice-chairman has acted as chairman

Lord Keith, who plans to retire after his 70th birthday later this year, said in a television interview on Sunday that Beecham was looking for someone who had experience of running a company of Beecham's size worldwide plus experience of the pharmaceutical industry.

Asked whether such a manager existed in Britain, he replied: "We have not been able to locate one so far," and he acknowledged that Beecham was now looking overseas.

BASE LENDING RATES

ABN Bank	10½%	Grindlays Bank	‡10½%
Allied Dunbar & Co	10½%	■ Guinness Mahon	10½%
Allied Irish Bank	10½%	■ Hambros Bank	10½%
American Express Bk.	10½%	Heritable & Gen Trust	10½%
Amro Bank	10½%	■ Hill Samuel	§10½%
Henry Ansbacher	10½%	C. Hoare & Co	10½%
Associates Cap Corp	11 %	Hongkong & Shanghai	10½%
Banco de Bilbao	10½%	Johnson Matthey	10½%
Bank Hapoalim	10½%	Knowsley & Co Ltd	11 %
Bank Leumi (UK)	10½%	Lloyds Bank	10½%
Bank Credit & Comm	10½%	Edward Manson & Co	11½%
Bank of Cyprus	10½%	Meghraj & Sons Ltd	10½%
Bank of Ireland	10½%	Midland Bank	10½%
Bank of India	10½%	■ Morgan Grenfell	10½%
Bank of Scotland	10½%	Mount Credit Corp Ltd	10½%
Banque Belge Ltd	10½%	National Bk of Kuwait	10½%
Barclays Bank	10½%	National Girobank	10½%
Beneficial Trust Ltd	11½%	National Westminster	10½%
Brit Bank of Mid East	10½%	Northern Bank Ltd	10½%
■ Brown Shipley	10½%	Norwich Gen Trust	10½%
CL Bank Nederland	10½%	PK Finans Intnl (UK)	12 %
Canada Permanent	10½%	Provincial Trust Ltd	11½%
Cayzer Ltd	10½%	R. Raphael & Sons	10½%
Cedar Holdings	12 %	Roxburgh Guaranty	11 %
■ Charterhouse Japhet	10½%	Royal Bank of Scotland	10½%
Citibank NA	10½%	Royal Trust Co Canada	10½%
Citybank Savings	¶10.75%	Standard Chartered	10½%
City Merchants Bank	10½%	Trustee Savings Bank	10½%
Clydesdale Bank	10½%	United Bank of Kuwait	10½%
C. E. Coates & Co Ltd	12 %	United Mizrahi Bank	10½%
[illegible] Bk N East	10½%	Westpac Banking Corp	10½%
Consolidated Credits	10½%	Whiteaway Laidlaw	11 %
[illegible] Trust Ltd	10½%	Yorkshire Bank	10½%
Co-operative Bank	*10½%		
The Cyprus Popular Bk	10½%		
Duncan Lawrie	10½%		
E. T. Trust	11½%		
Exeter Trust Ltd	11 %		
Financial & Gen Sec	10½%		
First Nat Fin Corp	11½%		
First Nat Sec Ltd	11½%		
■ Robert Fleming & Co	10½%		
Robert Fraser & Ptrs	11½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 6.38%. 1-month 6.69%. Top Tier—£25,000+ at 3 months notice 9.72%. At call when £10,000+ remains deposited.
‡ Call deposits £1,000 and over 6¼% gross.
¶ Mortgage base rate.
§ Demand dep. 6.35%. Mortgage 11%.

UK NEWS

Call for expansion to cut world debt

By Our Economics Staff

CO-ORDINATED economic expansion outside the US may be needed to bring down the disturbing growth of government debt, according to an economist at the Bank for International Settlements.

Mr John Bispham, a senior economist with the Basle-based central bankers' organisation, argues that the public-sector debt service burden appears uncontrollable at a time when strenuous efforts are being made to curb overall public spending. If a potentially unstable situation is to be averted, lower real interest rates and a continuation of economic recovery are needed.

Since lower interest rates depend to a great extent on decisive action to reduce the US budget deficit, fiscal expansion must come elsewhere. Writing in the latest edition of the National Westminster Bank Quarterly Review, Mr Bispham says that that points to a strategy of co-ordinated expansion by Japan, West Germany and the UK, where public-sector debt levels are more stable.

Mr Bispham says that with the exception of the UK, public-sector debt in the industrial countries has been rising as a proportion of gross national product (GNP) over the last 15 years.

The net debt ratio for Belginm has risen from 61.4 per cent in 1970 to 110.5 per cent in 1985, while Canada's ratio has risen from 12.2 per cent to 38.9 per cent. In Ireland, Italy and Belgium the national debt exceeds one year's GNP, and some 8 to 8½ per cent of GNP is being devoted to servicing the national debt, he says.

That analysis endorses the call made recently by Mr James Baker, US Treasury Secretary, for expansion in Japan and West Germany. Without such expansion, he warned, the dollar might need to fall further in order to reverse the US trade deficit.

● Unemployment in the UK shows little sign of falling, despite the benefits of cheaper oil, Cambridge Econometrics says in its latest long-term forecast.

The group, a commercial wing of Cambridge University's Department of Applied Economics, sees unemployment remaining at more than 3m for the next 10 years.

Close finish likely in by-election campaigns

BY PETER RIDDELL, POLITICAL EDITOR

CLOSE results in both the parliamentary by-elections in Ryedale, North Yorkshire, and in West Derbyshire, together with big Labour Party gains in the local elections are expected on Thursday.

After a weekend of intensive campaigning in the by-elections the parties were yesterday making the usual conflicting claims. In West Derbyshire, the Labour camp released canvass returns pointing to a three-party race with the Tories at 38 per cent, Labour at 33 per cent and the Liberals at 29 per cent. Labour emphasised a claimed 4-point drop in Liberal/Alliance support over the past week.

By contrast, the Liberals said Labour would finish third, and Mr Richard Holme, political adviser to party leader Mr David Steel, said Conservative support was crumbling, predicting that there would be only about 1,000 votes between the Liberals and Tories.

During a visit to Derbyshire, Mr John Biffen, the Leader of the House of Commons, did his best to squeeze the Alliance by saying that Labour was "experiencing a renaissance. It is no longer a dispirited party. It would be absurd to think otherwise."

The claims and counter-claims reached extraordinary proportions in Ryedale, where Labour, which won only just over 10 per cent of the vote in the 1983 general election, claimed that it was heading for a "sensational victory." The party said canvass returns showed 35.8 per cent support for Labour compared with less than 20 per cent for both the Tories and the Liberals.

A Market and Opinion Research International survey for The Sunday Times carried out on May 1 to 2 among a national sample of 1,096 puts Labour in the lead with 38 per cent, but also points to a firming of Tory support at 36 per cent, with the Alliance falling back to 23 per cent.

The Association of Liberal Councillors comments that, from its reports, "the Conservative vote is collapsing; and while Labour is advancing in some places, where there is a strong Alliance campaign and local credibility, the Alliance is set to make major gains." The ALC is now confident of Alliance gains of 300 seats.

● Tax incentives are needed to secure a widespread extension of profit sharing and employee share ownership, according to a Social Democratic Party consultative Green Paper (discussion document) published this morning.

The document, "Sharing in Success," was prepared by a working group chaired by Mr Jeremy Hardie, a former deputy chairman of the Monopolies and Mergers Commission.

Milling industry urges EEC to think again on grain levy

BY ANDREW GOWERS

BRITISH flour-milling and animal feed manufacturing companies are seeking last-minute changes in the system of taxes on cereals producers agreed by EEC farm ministers as part of this year's agricultural price package.

They claim that the 3 per cent tax on grain sales, known as a "co-responsibility levy" and designed to contribute towards the cost of storing and disposing of surplus grain, unfairly discriminates against them because it is to be levied on the first processor handling the grain, and because farmers who do their own feed mixing are exempt. The levy is expected to raise about £60m a year in Britain, of which the flour millers expect to collect about £15m.

Technical details concerning the levy are to be discussed at meetings in Brussels this week. Both the flour millers and the feed manufacturers have been putting strong pressure on agriculture ministry officials through their trade organisations to seek changes in the rules.

The flour millers, such as Ranks Hovis McDougall, Allied Mills and Spillers, fear that they will not be able to pass the tax on to grain producers as they are supposed to, and that their costs, which have already been under pressure as a result of last year's poor-quality harvest will therefore increase.

"In our view, the original concept of a co-responsibility levy on producers has evidently been turned on its head in the case of milling wheat and replaced by a tax on the milling industry and, ultimately, consumers," said Mr Peter Davies, director-general of the National Association of British and Irish Millers (Nabim).

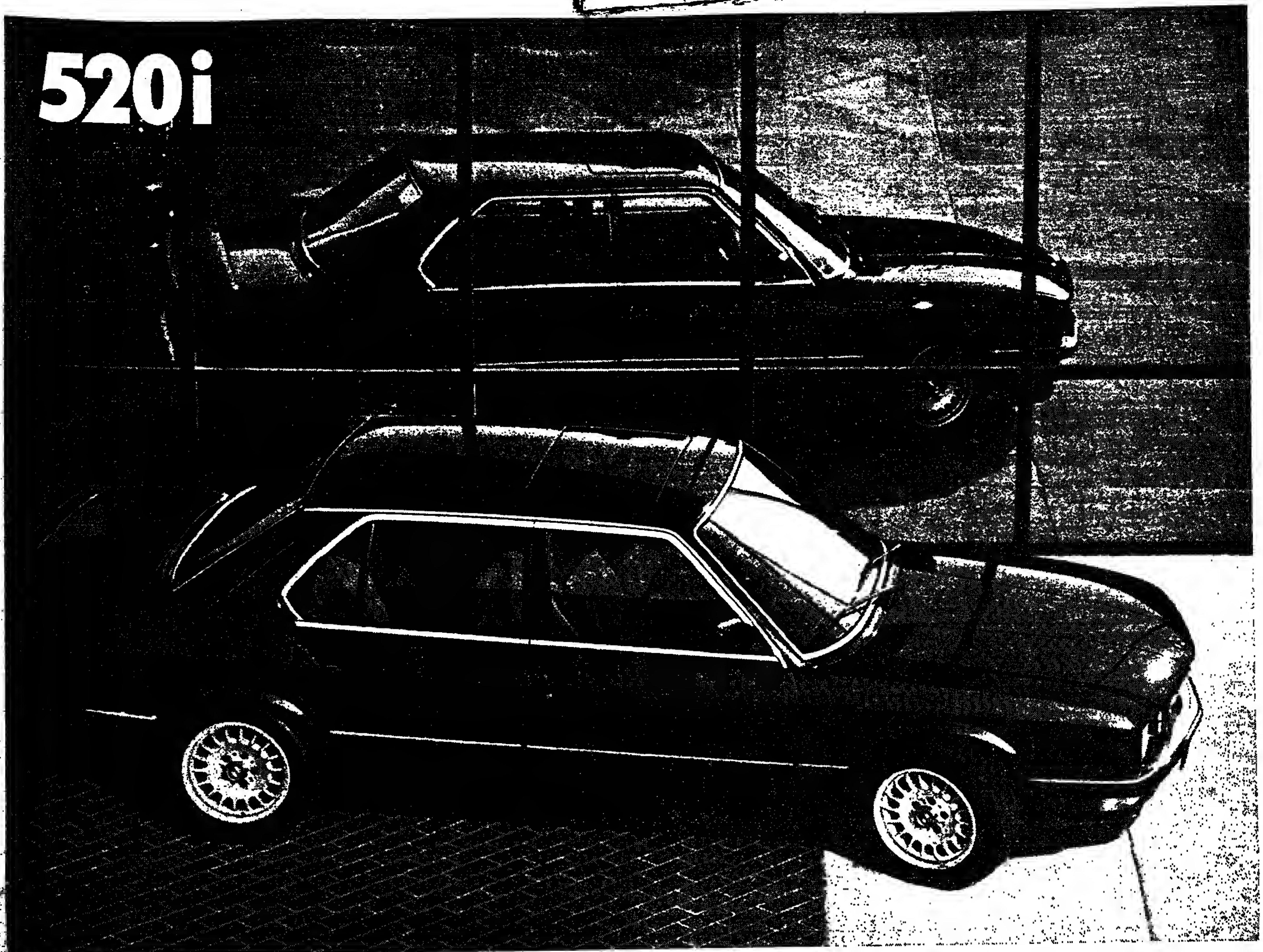
Feed compounders, such as the Unilever subsidiary BOCM Silcock, are even more incensed, since they believe the way the tax is being implemented will encourage livestock farmers to produce their own feed rather than buying it from commercial companies.

Their European association, Fefac, is planning legal action against the EEC Commission and the Council of Ministers in the European Court of Justice on grounds of discrimination. That is a particular concern in Britain, since a larger proportion of grain is sold to commercial feed compounders than in some other EEC countries.

"It has got to be seen to be a producer tax, not a tax on the processor," said an official of the UK Agricultural Supply Trade Association (Ukasta).

Ukasta is proposing the setting-up of a register of all processors — including farmers — who handle more than 100 tonnes of grain a year, for the purposes of collecting the levy. Nabim is suggesting that the levy should be raised directly at the first point of sale through the agency of the Home-Grown Cereals Authority.

Pressure to amend the rules may arouse stiff opposition in Brussels, however. The EEC farm price package agreed 10 days ago, which involves a price freeze for most products, was a delicate compromise, and ministers and officials will be reluctant to risk upsetting it.



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The 520i's engine develops its power smoothly, commandingly: 6 inline cylinders, 95 KW (129 bhp), 0–100 km/h in 11.4 seconds. The helical action trailing arm rear suspension is new, as are the wider tyres, for even better road behaviour.

The floating-caliper brakes at front and rear are new as well, for effective stopping and freedom from fade.

And the list of standard equipment is a long one, from power steering to 5-speed gearbox and Energy Control.

What makes the 520i stand out as a rather special car is the sum total of its fine features.

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The ultimative driving machine

THE MANAGEMENT PAGE: Small Business

EDITED BY CHRISTOPHER LORENZ

The spirit of enterprise in the Midlands

Walter Ellis reports that the UK's largest job creation agency has managed to expand, despite the recent demise of its sponsoring authority

THE RECENT truncation of the Greater London Enterprise Board — since the abolition of the Greater London Council it has been run by a more handful of boroughs in the capital — leaves the West Midlands Enterprise Board as the largest job-creation agency of its kind in Britain.

The fact that the Birmingham-based board has not only survived the demise of the West Midlands Metropolitan Council but has actually expanded its remit and won government approval for its activities is a demonstration of how radical idealism can live successfully alongside political reality.

Where the GLEB shrank amid a plethora of criticism and strident self-publicity, the West Midlands board ground steadily forward, creating and preserving employment.

The task facing the board was never an easy one. The West Midlands metropolitan area, traditionally one of the most productive and prosperous regions in Britain, has been in sharp economic decline since the late-1970s. Unemployment is now approaching 17 per cent overall; in Birmingham's inner city the figure is 50 per cent. In February 1982, when the board was set up, jobs were disappearing at the alarming rate of 1,000 a week (four years later the decline has been slowed so that work currently drains away at a quarter of the 1982 level).

No local authority could view such a situation with equanimity. The West Midlands Metropolitan Council, abolished at the beginning of last month, was persuaded that a job-creation agency, established not to disguise unemployment but to assist new and existing companies to seize commercial opportunities, was at least part of the answer.

Geoff Edge, a former Labour MP and now a local district councillor, is the board's chairman, making him—in the wake of abolition—one of the region's prime power brokers. He says that getting the board started was the hardest fight of all.

"There was enormous opposition at the beginning. The County Secretary even claimed it was illegal. He said that public money could not be used to start up new factories. Then we discovered Moriarty."

Moriarty turns out to be quite unvillainous. He is Gerald Moriarty QC, a leading barrister, who argued that under Section 137 of the Local Government Act — the section which says that a 2p additional rate can be used "in the interests of the area"—the board would be within its rights to fund new and existing industry.

The County Secretary, determined to do only what was right, wavered initially, though was eventually persuaded.

In the 12 months to March 31 1985—the last year for which full results are available—the benefits of the board were tangible enough. New investments totalling £3.45m had been made and a further £3.2m was approved for disbursement. The committed total stood then at £9.4m, invested in 27 separate companies, supporting 4,063 jobs at an estimated cost per job of only £2,071.

The board made an operating profit over the year of £307,648, though provisions for failed investments resulted in an overall loss of £62,000.

Aid to companies is by a variety of means: ordinary equity capital; subscriptions to preference share capital; term loans (in which consideration is given to a moratorium on capital repayments in the earlier years); equipment leasing.

Investments normally fall in the range of £10,000 to £750,000 but applications for larger amounts are sometimes considered. Three quarters of funding comes out of public money.

Edge and his team—who are mostly Labour supporters but present themselves as technocrats first—believe that it is possible to combine economic intervention with hard-nosed commercial decisions. "We are," says one official, "pragmatic, but our political philosophy underpins the pragmatism."

The chairman agrees. "I would hope that a change at the top would not mean a change in direction. We have got to the point where we could survive political change."

The local government elections on May 8 will give the voters of the West Midlands a chance to test this contention.

It looks, though, as if the board is actually set to expand. Through the creation of a new unit trust in the spring, the WMEB's tentacles are now set to extend even as far as the Welsh boarder.

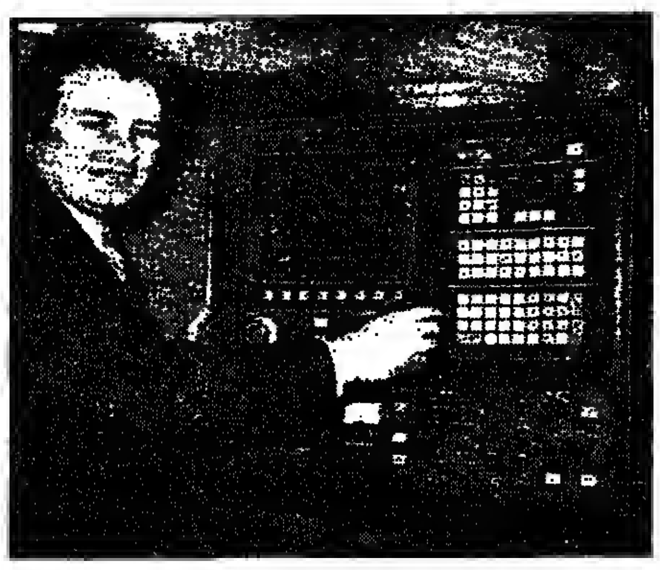
The West Midlands Regional Unit Trust, managed jointly by the board and Lazard Brothers, the merchant bank, started life with investment capital of £4.25m drawn from various public and private sector pension funds. The aim is to take the services of the board throughout the geographical West Midlands, to Warwickshire, Staffordshire, Herefordshire, Worcestershire and Shropshire, expanding its scope to take in almost a quarter of England.

The decline of traditional Midlands industries, like engineering and motor car manufacture, was a main reason for the establishment of the WMEB, and the board today still likes to do what it can for engineering companies. Tangye, a once huge engineering company, famous for its hydraulic jacks, was rescued by the board last year when no one else would help. It was given £0.5m in the form of an equity stake and convertible bonds and now has nearly 100 workers and annual sales of £3m. Its chairman and chief executive, Brian Gould, comments about the experience: "If you approach a British bank for funds they tell you to buzz off."

The board is also keen to tackle what it calls strategic issues through four new initiatives. One, the West Midlands Co-operative Finance unit, is responsible for helping Impact Computers, which provides loans and grant finance to those starting co-operative ventures who would not otherwise have the resources to do so. The others are: The West Midlands Technology Transfer Centre, which will seek to encourage companies to make the best use of new technology; the Tyseley Training and Community Resource Centre will give high-technology skills training to the long-term unemployed; and the Clothing Resource Centre is tackling the various problems of investment, training, technology, marketing and management skills in the textiles sector —an area in which many Asians are involved.

Another initiative is joint-sponsorship with chartered accountants Arthur Andersen, of a "Midlands Enterprise Awards" competition, the criteria for which are the creation of a project which should require a minimum investment of around £100,000 and have the potential to employ at least 50 people. First prize is £10,000 cash and £5,000 of management consultancy from Arthur Andersen.

Investments by the WMEB are generally doing well, and there have been only four failures so far. All but one were in the early days of the board's work. On the positive side, one rescued company, Arden Brick, has been sold at a 60 per cent profit, another at a "modest" profit and a third at a small book loss.



Brian Gould, chairman of Tangye: supported by WMEB

The downside of civic duty

Nick Garnett reports on a company's chagrin over losing trained employees

IN A FIT of exasperation last month Bryan Nicholson, chairman of the Manpower Services Commission, condemned the reaction of company chief executives to an MSC appeal asking them to give employee training higher priority. Three months after the MSC letter went out to 1,000 leading British companies less than a quarter had even bothered to reply.

The realities of British industry's grossly inadequate training can be seen every year in the manufacturing backstreets of Manchester through the eyes of a small tool and pattern-maker.

The company, which for reasons will be obvious wants to remain anonymous, employs 100, earns small profits on a £2.5m turnover, and has a rather good training record. It has taken on around six school-leavers every year for the past 18, putting them through a four-year apprenticeship in wood, plastic and metal pattern-making on lathes, grinders and milling machines. Two years of this training now falls within the ambit of the YTS.

All is not well, however. Every engineering company for miles around knows about its training programme and that of other small firms that take training seriously. It is, as a result, a primo target for poaching.

"The general level of attention to training is bloody awful," says the toolmakers' owner. "All these companies say 'hey, why should we do any training when we can pinch from those that do'."

The toolmaking company starts losing its former apprentices once they become journeymen shortly after training ends. On one occasion a former employee was given time off by his new employer to poach newly trained machinists at the toolmaking company. He was promised £100 for each one he could recruit and who stayed at least three months with the new company.

"We found him sitting at the back of the factory. He was going to go upstairs with them to lunch at the canteen and sit with them while they ate their sandwiches. We kicked his backside."

Another poacher from an Oldham engineering company parked his car outside the plant and tried to recruit young machinists as they left for home at the end of the day-shift.

Recruiting workers that other companies have spent time and money on training is nothing new to the industry. There is little love lost between engineering companies and some might say that the toolmaker should stop complaining. But he thinks much of the industry is increasingly shirking its responsibilities.

"The problem is right across the board. You can find just as many small companies doing no training as big companies."

Training has been costing the toolmaker about £90,000 a year, based on Engineering Industry Training Board figures, though the operation of YTS has now reduced that overall cost. "If I didn't spend that I could pay my engineers 10 per cent more. Companies up the road don't do any training. Instead they spend 10 per cent more on poaching."

You ask why the toolmaker continues to train school leavers. The company obviously retains some of them. The owner, who has been a member of some of the industry's trade guilds, also feels strongly about where the engineering industry is taking itself. "I was trained. Somebody bothered to train me. It's a civic duty. It's impossible to train too many people and the industry is just not training enough."

In the past month one new development has been the introduction of a small training scheme based on the West German Meister system. Organised by the Economic Development Council for the valve and gauge industry. This puts a small number of trained engineers through a further three year training programme.

The owner of the Manchester toolmaking business which has one man in his 30s on this scheme is a believer in industry-wide training levies and tax refunds from government for those companies that train young people. Meanwhile he says the industry should try and pull up its socks. "These companies complain about the Government but I always say 'well, what are you doing about it Jack?'"

In brief...

SPICER AND PEGLER is to launch a new financial and tax publication, "Passing on the family business," with a short seminar at the St James's Club, Manchester, on May 8. The authors, Allan Pye and Graham McInnes, are partners in the accountancy firm's Manchester office.

●

STARTING-UP—A Report on Small Hi-Tech Business is the title of a study prepared by seven electrical engineering undergraduates during the course of establishing their own research venture.

The group, from London's Imperial College of Science and Technology, explain in their paper the trials and tribulations involved in setting up in business. Their report includes chapters on the legal aspects of setting up, patents and licensing agreements, marketing, manufacturing processes and sources of useful information. It costs £15 from Group Seven Enterprises, Sherfield Building, Imperial College of Science and Technology, London SW7 2AZ.

●

HOW to Form a Limited Company for £50 provides a step-by-step guide for people wishing to incorporate an existing business or start from scratch.

The book includes samples of all the official paperwork needed to open an incorporated business, with guidance on how to fill in the forms correctly. It cost £10.95 from Allen & Unwin, Rusking House, 40 Museum Street, London WC1.

●

ASTON UNIVERSITY'S Science Park is to form an "innovationsbruecke" (innovation bridge) with one of its German opposite numbers, the Berliner Innovations und Gruenderzentrum. The link is aimed at promoting closer co-operation between small start-up companies operating under each of the two centres and providing them with greater scope for international development.

The new link will be cemented with joint stands at the Hanover Trade Fair and then at the Techmart Fair to be held in Birmingham in October. The link is supported by EBN — the European Business and Innovation Centre Network — and European Commission support is being sought under the regional twinning programme.

"Bridging" will involve regular contracts, technology transfer, joint product development and joint marketing between small businesses at the two centres. In November, the Berlin centre will host a small business trade fair open to all small companies operating within the growing network (now up to 25) of innovation centres in Europe.

EBN has a three-year objective of 100 innovation centres, each of which would try to "grow" 15 new businesses a year in high technology areas. Development of international markets for new products is seen as the key to success for many companies so the Aston-Berlin bridge is to be used as a model for others.

●

LONGMAN Professional has just published a booklet "Insolvency—an introduction to the 1985 act." The price is £6.95 and the authors are Peter Totty, of solicitors Cameron Markby, and Michael Jordan, a partner at Cork Gully.

Major changes brought about by the act include the licensing of insolvency practitioners, the disqualification of directors found to be unfit to manage a company and the procedure for managing bankrupt companies.

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Company Notices

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Société Anonyme d'Investissement
Luxembourg, 43, boulevard Royal
R.C. Luxembourg B 22.516

Notice of Meeting

Messrs. Shareholders are hereby convened to attend the postponed Annual General Meeting which will be held on 14th May 1986 at 11.00 a.m. at the registered office, with the following agenda:

Agenda

1. Presentation of the reports of the Board of Directors and of the Statutory Auditor.
2. Approval of the balance-sheet, profit and loss account as of December 31, 1985 and the allocation of net profits.
3. Declaration of a dividend.
4. Approval of the remuneration of Directors.
5. Discharge of the Directors and the Statutory Auditor for the fiscal period ended December 31, 1985.
6. *Action on nomination for election of Directors and a Statutory* Auditor for the ensuing year.
7. Any other business which may be properly brought before the meeting.

Resolutions on the items of the agenda will require no quorum and may be passed at a simple majority of the shares present or represented at the meeting.

The Board of Directors

COMMUNAUTE URBAINE DE QUEBEC
Can$15,000,000
16¾% 1982/1988

NOTICE IS HEREBY GIVEN that Communauté Urbaine de Québec will prepay on June 27th 1986 at 100.50 all the aforesaid Notes outstanding on such date. The Notes will cease to bear interest from June 27th 1986. The holders of Notes are therefore requested to present and surrender their Notes accompanied by all unmatured coupons which are due after the redemption date at the office of any of the paying agents referred to on the reverse of the Notes in order to be reimbursed on the principal of *the Notes.*

Interest due on June 27th 1986 will furthermore be payable upon presentation and surrender of the appropriate coupons.

The Fiscal Agent
BANQUE NATIONALE DE PARIS
Luxembourg SA

O.K. BAZAARS (1929) LIMITED

DECLARATION OF DIVIDEND No. 109

NOTICE IS HEREBY GIVEN that final dividend, No. 109 of 42 cents per share, has been declared payable on Friday, 4 July 1986, in the currency of the Republic of South Africa to all holders of ordinary shares registered in the books of the company at the close of business *on Friday, 23 May 1986. Non-resident* shareholders tax of 15 per cent will be deducted where applicable.

The registers of members will be closed in Johannesburg and London from 24 May 1986 to 1 June 1986, both days inclusive, for the purpose of *processing the above dividend.*

By Order of the Board
P. E. KRITZINGER
Secretary

Registered Office:
OK Buildings
90 Eloff Street
Johannesburg 2001
South Africa
6 May, 1986

Transfer Secretaries:
Hill Samuel Registrars Limited
6 Greencoat Place
London SW1P 1PL

TECHNOLOGY

Middle distance radar developed

A RADAR system which can see round the curvature of the earth for a distance of np lo 200 miles has been developed by Marconi Radar Systems for military and civil applications.

The system, which Marconi, part of the British GEC gronp claims to be the first of its type in the world ts likely to he ready for sale within two years, for early warning defence and weather forecasting purposes.

Conventional microwave radar emitting a high freqnency signal in a straight line over the sea from a land-based radar station or sbip's mast can see little more than 50 miles.

Over the Horizon (OTH) radar techniques which bounce signals off the ionospbere can see ronnd the curvature of the earth but are effectively hlind for the first several hundred miles. They are used for very long distance defence surveillance, particularly in the US.

The Marconi system, under development for five years and now being examined by Nato fnrces, can see over this middle distance gronnd. It will revolutionise air defence says the company because aircraft and missiles will no longer be able lo evadc detection by traveling just ahove the surface of the sea.

The two main elements of the system are the use of a lower frequency signal and a very sophisticated compnter for decipbering the returning signal.

The low frequency signal hugs the earth's cnrvature, making use of salt particles in the sea which act as condoctors. The problem with this is that tbc returning signal is very weak and because it is at low freqnency is especially clnttered with other radio traffic from commercial radio stations and from atmospherc. To counter this Marconi has developed an advanced signal processing unit (ASPU) — essentially a collection of microprocessors which, working together, can cnt througb the garble.

Marconi says tbe hardware for its new OTH system Is smaller and lighter than that of conventional radar tecbniqnes and is cheaper to operate than many of them.

Alan Cane unravels the mysteries of IBM's big machine plant at Montpellier, in France

More power from a twist of the 'golden screwdriver'

THE CASCADES of multi-coloured wiring which used to sprout from mainframe computers under construction are strangely absent these days. There is hardly a printed circuit hoard to be seen and it is hecoming difficult for the uninitiated to tell the central processing module of the machine from its power supply or its water cooling unit, even stripped of the anonymous blue covers.

In the two years since I last visited IBM's manufacturing plant in Montpellier, France, one of three sites world-wide where it builds the biggest of its mainframe computers, the influence of the company's massive investment In advanced methods of designing and building large computers bas become startingly apparent.

Then it was hullding the 308X family, top-of-the-range at the time, but macbines whicb the company now admits were simply introductory vehicles for its current flagship, the 3090 series announced just over a year ago.

Now the test cells in Montpellier are lined with 3090 models; mute testimony to IBM's ability to sbip an estimated 1,200 machines a year from its production centres — Montpellier, Poughkeepsie, near New York City in the US, and Yasu in Japan.

The manufacturing technologies IBM Is using in these three centrea have a common objective — to create machines which can be installed with minimum fuss and give months of error-free operation.

The three key technologies are:

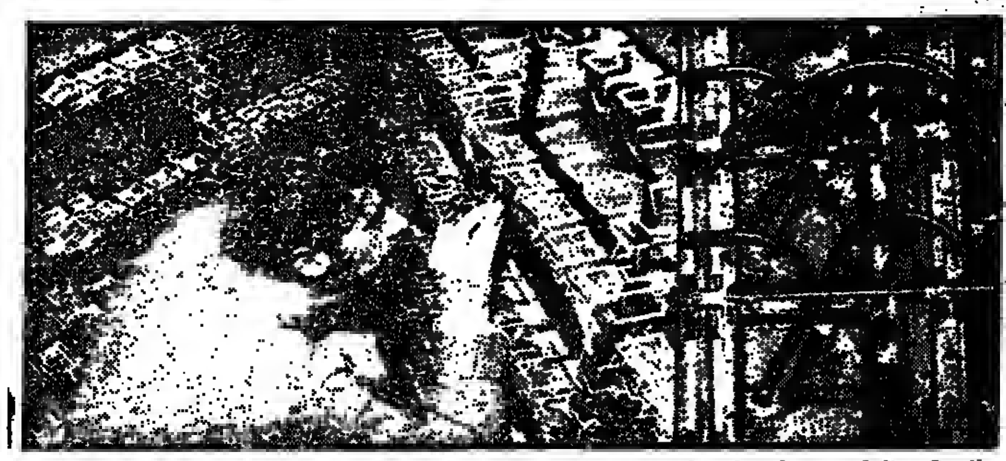
- Surface mounting of semiconductor chips.
- Tbe Thermal conduction module (TCM).
- The TCM hoards.

The underlying aim is to reduce the number of fragile connections between components in the aystem and so reduce the possihility of mechanical failure.

The motto at IBM these days is "Zero defects," meaning the production of machines whicb can be installed on a customer aite within eight hours and which require no repaira before going live.

"It has got to go in in eight hours," says Mr David Norris, marketing programs manager for large systems. "Or else every man, woman and child in the UK will be working as an IBM systems engineer by the year 2000.

"We find that a zero defect installation usually runs for elght to nine months without problems. If an installation takes 30 hours or more, tben we know we are going to have problems."



Wiring patterns dominate lhe beart of an IBM 370 compnter of a decade ago, left. On the right, a 1986 TCM array looks more like o refrigerator or air conditioning system than e complex piece of electronics

Surface mounting is commonly used these days, especially by tbe Japanese, but IBM was a pioneer. Conventionally, processor and memory chips are connected to the outside world by fine gold wires which run from pads at the edge of the chip to pads on the chip mounting package. These pads in turn are connected to legs on the package which are inserted into boles in a printed circuit board.

IBM has done away with all that. Its chips llc face down on a ceramic substate carrying all the necessary wiring. The chip surface is coated with quartz pierced by hundreds of tiny holes.

Connection is achieved by melting a tiny ball of lead-tin solder in each of the holes. Surface tension ensures that the chip aligns itself correctly over the connections on the substrate and the breaking strength of the solder connection so made is 300 grammes compared with 10 grammes for the flying gold wire method.

At the heart of the IBM's entire big machine philosophy, however, is the thermal conduction module.

It was invented to solve the problem that as more and more electronic circuits are engraved on the surface of semiconductor chips and as chips are packed closer and closer together in systems, so it becomes more difficult to get rid of the heat generated.

Some large machine manufacturers still air cool their chips. IBM decided eight year ago that water cooling was essential. A domestic flat iron generates about 2.5 watts per square centimetre in use; the chips in IBM mainframes generate six watts per square centimetre. So cooling them to the right running temperature is no simple matter.

The TCM is a metal box which can be cooled by a stream of water running in a channel on the ontside. Inside, 100 chips can be mounted on a multi-ceramic plate made up of 36 layers of ceramic material through which runs all the essential wiring to the chips. The chips themselves are surface mounted to the multilayer substrate.

Metal pistons carry heat from the chip surface to the cooling surface and an inactive gas is pumped into the chamber to retard corrosion which could affect performance.

Such a device has substantial cooling capacity. It was used first in 308X machines where it proved too effective. Over engineered in fact.

It was roughly twice as effective as necessary, forcing IBM to cut its performance by inserting an insulating plastic shim.

Even in the 3090, where hot, fast, emitter coupled logic is used, the TCM still cools the chips below their best operating temperature and the layer of insulation is still there. It means that IBM can get considerably more performance out of the machine simply by "turning the golden screwdriver" (increasing the power delivered to the chips and hence their speed) and removing the final layer of plastic.

The latest innovation is the TCM carrier, basically a frame designed to carry up to nine TCMs locked in in such a way that mechanical failure is virtually ruled out.

The 3090 is virtually a "solid state" machine where mechanical failures are almost eliminated. Other manufacturers have devised their own methods of ensuring zero defects, some as good and better than IBM's, but IBM controls 70 per cent of the world market for big machines. Surface mounting and thermal conduction module technology are how IBM intends to bold on to that market share.

How the life of a classic computer design is being extended

IBM'S 3090 family of large mainframes seems to he a whole pack of wolvea in sbeeps' clothing.

When they were first introduced ahout a year ago, there was some disappointment among analysts and users. The technology — tbermal conduction module packaging — was little different to that found in the earlier top-of-the-line 308X series, tbe cost of processing was more expensive than many had anticipated and there did not seem to be any "must bave it" features to tempt nsers away from their current machines.

Now that everybody has bad the cbance to reassess the machines and their potential, opinlons bave changed. Mr Robert Fertig, for example, cbairman of Enterprise Information Systems and a distinguisbed IBM "watcher" declared earlier this year: "An initial, superficial cut at analysing the 3090 series announcements as compared to the 308X series migbt conclude that IBM has offered very little in the way of improvements for sucb a major product announcement."

"Nothing could be further from the truth. It was a very complex, subtle announcement and all of the factors must be considered in any valid analysis."

Among those factors waa a new level of memory, a level IBM calls expanded storage, huilt of IBM's proprietary 288K memory chips (single chips able to store somewhere over 288,000 individual binary digits).

The price of this storage is only $5,600 for a milllon bytes, about one third the cost of storage in the 308X macbines, according to Mr Fertig: "No other competitor has this onique capahility. The IBM plug-compatibles and the BUNCH (Burroughs, Sperry, NCR, CDC and Honeywell) may match IBM's storage process—but they cannot match IBM's production costs for this component. Memory capacily has a very significant impact in real system performance—throughout, transaction rates and the number of active terminals supported with fast response times."

A key factor in system performance ls the speed at wbich hlocks of information can be shifted in and out of central memory — high speed semiconductor memory servicing the processing units directly.

Expanded memory sits hetween central memory and disk backing storage; information is moved in and out at high speed in blocks, resulting ln substantially improved processing speeds.

IBM can now provide massive extended storage for its 3090 macbines at low cost — 256m bytes for 3090/200, twice as many for the 3090/400.

The 200 is a dyadic or two processor macbine, the 400 a four way.

To be fair, it has to be said that Hitachi, whose large machines are marketed in the west by National Advanced Systems (NAS) and Fujitsu/Amdahl bave replied with faster machines, frequently matching IBM's dyadic processors with a uniprocessor or its four way machines with a two way. Mr Christopher Peacock, technical marketing manager for NAS in the UK points out that Hitachi is using more sophisticated technology than IBM to achieve speed.

Rather than IBM's Thermal Conduction Module, an immensely rellahle if brute-force approach to packing chips densely, Hitachi NAS has built, for the first time, processor chips in complementary metal oxide semiconductor (CMOS) technology, marginally slower than IBM's emitter coupled logic but which generate much less heat.

IBM, however, has already started to ship 3090s with 1m bit (megabit) chips in central storage—a 250 page paper-backed novel could be stored on six of these chips.

No-one should forget that it was IBM's ablIity to get the cost of manufacturing magnetic core storage—memory technology in an earlier generation of machines—down below any of its competitors that was crucial in establishing it as the world's dominant computer company.

All of this is Important because of the hehaviour of the market for very large commercial machines.

Customers for these very large machines inclnde the airlines, the big hanks, the large corporations — American Express in the UK was one of the first to take delivery of a 3090. These companies need to increase their computing power year-on-year by very large amounts. The computer industry and its analysts agree that demand for mips (millions of instructions a second, a rough indication of computing power) is growing in such installations by an average of 50 per cent a year and in some Instances by 100 per cent.

The story IBM is signalling to this market now is that it will provide these mips through systems in whicb a number of processors are coupled together (multiprocessing or "n-way design").

The key to what IBM is trying to achieve is "Extended Architecture" (XA), a development announced in 1981 which allowed IBM mainframes to break out of their traditional constraints.

IBM's big mainframes today are all based on the 20-year-old architecture of the System/360 mainframe family. This system in its most advanced configuration used 24-bit addressing — a bit of computer jargon meaning it could talk directly to 16 milllon bytes of memory.

Unfortunately, IBM's own systems software is slow, cumbersome and above all, large. Users of its CICS (information systems) software could find themselves with as little as six megabytes of storage left in which to store their applications.

XA moved to 31 hit addressing, making it possible to contact 2bn bytes of memory space.

Competitors and cynics note that XA simply gives customers the right to buy more IBM memory to get control again of their own machine. Be that as it may, XA and the XA versions of IBM's major operating software VM and MVS are the future for IBM sites.

THE ARTS

Fiat and Futurism/Palazzo Grassi, Venice

William Packer

With the opening of *Futurismo & Futurismi* at the Palazzo Crassi in Venice last weekend, it is hard to decide which is the more interesting or significant: this definitive study of the movement that is still Italy's greatest contribution to the development of Modernism, the Futurist Adventure of the years before World War I (until October 12); or the Palazzo itself, which the exhibition occupies, lavishly restored and refurbished by Fiat of Turin to meet the highest standards demanded by modern museum and exhibition practice.

Fiat's policy of patronage and cultural sponsorship bas been to look where possible for a lasting result of its engagement, whatever the nature of the particular project. Reasonable inclination has naturally drawn the company towards architecture and the visual arts.

It might draw it just as easily, however, deep into Italian local politics and the legal intricacies of sponsorship and taxation, with only a vague likelihood that the bulk of what was committed would ever reach an intended beneficiary. Here the solution was to be radical and disarmingly, generously simple.

The Palazzo Grassi, a handsome neo-classical pile by Giorgio Massari on the Crand Canal at San Samuele, bad been in use since 1951 as tbe International Centre for the Study of the Arts and Costume. In that time it had housed many major exhibitions. But for all the fine qualities of its architecture and its apparent solidity, the interior adaptation of the building had become increasingly inadequate to its *purpose*; the fabric and structure were in need of the most urgent repair.

Two years ago Fiat bought the Palazzo for some $6m and since then, through its engineering and electronics subsidiaries, has spent a further $10m on the restoration, inside and out. The work continues on the small theatre alongside.

The fabric was made the responsibility of the architect, Antonio Foscari, who has much lightened the interior by throwing a new roof of glass and steel across the cortile and yet, so far as we can tell beneath these freshly gleaming walls, he has respected the essential structural integrity of the old palazzo. There must be damp courses and air conditioning, lift shafts, safety exits and restaurants, of course, and if we catch the rumour of a bit of fresco gone here and a fireplace no longer there, the walls at least are sound.


Study for "La citta' nuova"—Antonio Sant'Elia 1914

The exhibition installation is by Gae Anlenti, whose severely regimented remodelling of the screens for the permanent hang of tha Musée d'Art Moderne at the Centre Pompidou in Paris bas excited some controversy. Here she bas been more discreet with ber false walls and screens and ingenious and stylish lighting system, given that she was working within a more varied and limited space, constrained by a stronger architectural presence.

A new company, Palazzo Crassi, has been set up to bold and run the place as an independent concern with Pontus Hulten, late of the Centre Pompidou, its artistic and managing director. In general the programme will allow for one major exhibition running through the summer with smaller shows for aulumn and winter.

But what now of Futurism and its attendant Futurisms (which Fiat and United Technologies are sponsoring as equal partners)? Any self-conscious school or movement, especially one which embraces literature among the other arts and, by polemic and manifesto, reaches openly into politics and social engagement, will make large claims for itself at the time and enjoy a certain subsequent national celebrity.

Here it is only right that the Italians should give pride of place and all the galleries of the *piano nobili* to *Futurismo* proper, and the largest galleries of all to its principal proponents, Umberto Boccioni, Giacomo Balla, Cino Severini and Carlo Carrà. The investigation and development of futurist ideas in visual terms are clearly established, nowhere more so than in the extraordinary room devoted entirely to Balla's abstractions and variations npon images of speed. They include two panels of a triptych witb the space between them left pointedly blank for the absent member (which the Tate could not or would not release on loan).

The exhibition's importaoce overall lies not so much in what it tells us of Futurism as such, for there have been excellent expositions belore and the story is well known, hut in the more general point that it makes concerning the nature of the relationsbips between one movement and another, contemporary and subsequent alike.

The poet Filippo Marinetti was the founding and energising spirit of Futurism (he is here represented only by documentation hut his presence is yet inescapable). Before be recruited his painter friends to his cause, he had published in Le Figaro, early in 1909, the first of his countless manifestos in which be declared that "the world's splendour has been enriched by a new beauty: the beauty of speed. A racing car whose hood is adorned with great pipes, like serpents of explosive breath—a roaring car riding on grapeshot—is more beautiful than the *Victory of Somothrace*."

He was bardly the kind of man to take second place and these, as with everything else he ever uttered, are large words. But he would admit, baving written in Paris in the time of the first great advances and discoveries of Analytical Cubism, that his Futurism was neither in competition with Cubism nor dependent upon its example; it was different ond equal.

The point is that essentially complementary or even *obscurely related* things may occur together in different places; and where Cubism was intrigued by the *multi-facetted*, active simultaneity of the experience of a static object, his futurist, leaving aside all romantic poeticism, would rather concern himself with perceived movement fixed on the canvas or in the sculpture, yet active still.

This aspect of *Futurismi*, the Futurisms from around the world, including a major display of Vorticism from Great Britain and a small but most impressive group of unfamiliar American painting of the same period, affords us the show's greatest insigbts.

The old view of the history of modern art, centred upon Paris, has finally been shattered. As with the loaves and fishes, the parts seem ever more substantial and extraordinary than the whole.

Dresden Philharmonic/Brighton

Ronald Crichton

Brighton Festival 1986 supplies more or less everything more or less everywhere in the town and sometimes outside it—concerts at Clyndebourne for instance. Packed into the three weeks (both in variety and quantily Brightoo more nearly resembles Edinburgh than, say, Aldeburgh or Buxton) are opera, visiting orchestras including Birmingham with Rattle, recitals, jazz shows for children, horse driving trials, tours of the sewers and churches. Often events as different as Anouilh's *Antigone* and Lambert's *Summer's Last Will ond Testoment*. The spread is supported by corporate sponsorship, generous local authorities and South-East Arts.

This year's theme is the Four Elements. Fire was celebrated notionally at least by the opening concert on Friday, the first of two by the Dresden Philharmonic. The all-Beethoven *programme* was *based* on the Prometheus theme, used in the finale of his ballet of that name, again in the oiano Variations and Fugue op.35, yet again in the finale of the Eroica Symphony—all written in the space of three years at the beginning of the century. Variations and symphony were of course played complete. Of the ballet full of lively, entertaining and danceable music (stupidly overlooked by musically dim-witted ballet companies) there was only time for the overture, the aforesaid fioale, and two *intermediate* numbers, one of them with harp—an unusual instrument for Beethoven and a prominent cello solo.

The Dresden Philharmonic is more than a ceotury old, which leaves it a stripling compared to the city's veoerable State Orchestra. I would hardly say on the evidence of Friday's concert, heard from a seat right at the front in the Dome, where aural pleasure is anyway elusive, that the Philharmonic is a world-beater, but it certainly is a municipal orchestra with solid qualities, high among them a weight of strong sound proving once again that German players, unlike their opposite numbers across the Rhine, never seem to resent the fact that violin tone is best produced by applying *bow* to string with determination and enthusiasm. There is a fine cello section. The basses are husky. Ensemble and balance I could hardly judge. Wind solos emerged sweetly, if softly, dialogue aod short phrases went for little, horns, were agreeable rustic but wayward.

Friday's conductor was the orchestra's "*Chief Guest*," the Czech Jiri Belohlavec. He is, on this showing a good Beethovenian, shaping the Eroica's first movement and the ceotral sections of the funeral march with particularly compelling force. A lack of Viennese whipped cream and transatlantic high gloss on the playing may have been partly due to the accident of seating but I believe and hope it was apparent further back as well. The *Egmont* overture was given as an encore with uncompromising iron-fist directness. To *the variously* eventful *piano* variations Bernard Roberts brought exactly the right combination of vigour brilliance and shafts of sudden insight.

Die Fledermaus/Coliseum

Richard Fairman

Only a week ago English *National Opera* put *on* a marvellous show of corporate determination in mounting Busoni's epic *Dr Foust*. Perbaps it was only to be expected that the production that followed would show energies spent; but out of Friday night's revival of *Die Fledermaus*, a mere hillock alongside Busoni's Eiger, the *company* managed to create an unduly hard slog.

Cood intentions were everywhere to be seeen. There were many new faces among the cast, including a tenor Eisenstein and a mezzo Orlofsky (points on which this production has rarely let us down), and none of them resorted to the vulgar comedy that Anglo-Saxons so often feel is right for operetta. What they missed was lightoess and sparkle, the Viennese swing that might set the toes tapping.

All that was right and wrong about the evening came together in the new Rosalinda, Janice Cairns is one of the company's most accomplished artists, gifted with a strong and sure soprano that was able to turn the awkward "Czardas" into a blazing, full-throated tour de force. But in the rest she was trying to do with drama and power what a little wit might have acbieved twice as easily.

Of the other newromers, Sally Burgess's blond, pouting Orlofsky had good singing and a lively feeling for comedy going hand in band. Nan Cbristie, some lack of vocal purity apart, made an appealing Adele and Rowland Sidwell was an oafish Alfred. The leading pair of Dr Falke and Eisenstein was in the reliable bands of Christopher Booth-Jones and the tenor Ryland Davies, who sang his part with a good deal more ease than most of his predecessors.

Their first-act duet, however, had none of its usual elan. This number is a touchstone for the proper style and if it is performed with a lift to the rhythms and point to the words, it should never fail to raise the spirits of the audience. Here Noel Davies gave it a solid, straight direction from the pit and we were left at the end with a sorry dance from the two men. Not even much of a smile on their faces.


Alastair Muir

Janice Cairns and Ryland Davies

Bernstein Festival/Barbican

On Friday the indisposition of Jeffrey Tate brought David Shallon in as conductor of the second Festival concert. In no way uoder-prepared — he conducted Bernstein's "Jeremiah" Symphony and Mahler's First witbout scores — he also extracted some remarkable playing from the London Symphony. Israeli-born and Swarowsky-trained, be takes over the Düsseldorf Symphony next year. We should hope to hear much more of him.

In the "Jeremiah" Symphony, Bernstein's first, Shallon coaxed the LSO to make a more plausibly American noise in the oratorical first movement than in the scherzo, which wants hard-edged lines but got British phlegm — some middle-aged spread, not mucb crackle. The lithe, athletic basses, reinforced by tuba and piano, had the right kind of punch. With Heather Harper's arrival for the vocal finale "Lamentation," full conviction reigned: she was as always civilised but direct, and Shallon made the long string-phases speak.

Mahler's First is more elaborately demanding, and from the start there was a new intensity in the playing. Could this be the same orchestra that plodded out-of-tune through the Introduction in last year's Mahler Festival? Here the long pianissimo was excitingly held, the thematic murmurs perfectly placed (an unlucky horn aroused more sympathy than distress): in the main movement, shaped with expertise, the "fahrenden Gesellen" tune wasn't ideally bright-eyed, but the wry humours of the middle movements got cleverly individual treatmeot.

With the sprawling Finale Shallon was urgently exact, and the LSO responded faithfully. The violas, especially, distinguished themselves in some hoarse passages that often only half-lell; the cellos maintained their passionate eloquence. The taut overall control may even have sacrificed an ounce or two of expressive weight, here and there, to swift cootinuity and a triumphant final blaze — but those were honestly carried through (with a certain sense of *tour de force*). Shallon is a thorough professional, and properly musical with it.

David Murray

The third orchestral concert of the Bernstein Festival was *given on* Sunday evening by the London Symphony Orchestra under the highly talented John Mauceri. It began with Stravinsky's odd harmonisation of "The Star Spangled Banner" — a version of the original anthem both different and the same — and resumed with the first British performance of a famed piece of musical agit-prop from the American '40s — Marc Blitzstein's *Airborne Symphony*.

This work is a three-part representation — in oratorio-cantata style as interpreted by Brecht and Eisler — of man's history as an aviator, and is devised for colourful large orchestra, male chorus, tenor and baritone soloists, and a narrator, who is styled a "Monitor." The text — Blitzstein's own — is in easily settable jingly short lines of verse, full of rhymes and mid-rhymes, and much of it is spoken out loud with little or occasionally no accompaniment.

The narrative flows from the mythological beginnings of the flying aspiration (Icarus — who "bad wings on the brain"), to the aerial conquest by the Wright brothers, to the perversion of such technological knowledge by fascist war-mongers, to a dramatisation of an air-battle, and on to victory amid sad wisdom.

The music is splutteringly alive, populist in the thrust of its idiom, effective on any reckoning. The style embraces jagged, garishly lit choral mockery ("Adolf Hitler we believe in thee"), sentimental song ("I take my pen in hand, Emily"), and slightly sweetened Brechtian ballad. The choral sonorities can be thrillingly massive, urgent and compact. The orchestral interventions include loud jubilatory brass writing (with wind-machine) and a cadenza for ratchet. The orchestration is subtle enough for the sudden textural descent to a single harp note before the depiction of the air-attack to create real suspense.

John Mauceri's account was vivid, gripping and tense: the work's contained hysteria, its see-sawing between something tragically expressionistic (perhaps like Schoenberg's narrated piece, *A Survivor from Worsaw*) and something calmly socio-realistic and Eislerian, was palpably conveyed. The men of the Richard Hickox Singers contributed forcefully, as did soloists Mark Tinkler (baritone), Damon Evans (tenor) and Terence Stamp — a most impressive, clarion-voiced *Monitor*.

In the second half Mauceri's own suite from Bernstein's campy 1956 operetta *Candide* (with brilliant lyrics by Richard Wilbur, John La Touche and Dorothy Parker) proved highly diverting to the audience. It begins, of rourse, with the well-known overture, as fizzy and deft as any by Berlioz. The score is mostly bubbles of pure musical delight, but at least in the Epilogue ("And make our garden grow") a powerful Coplandesque idealism is sounded. Nan Christie as Cunegonde used a triumphant coloratura for her aria, "Glitter and be Cay" (with the crisp line "If I'm not pure, at least my jewels are"). David Eisler as Candide was particularly impressive in his dialogue with chorus, "The Ballad of Eldorado."

Paul Driver

New York Theatre/Frank Lipsius

An energetic week on Broadway

Four openings in a week: it feels like old times on Broadway. No matter that three of them are revivals. The fourth, The Boys of *Autumn*, opened five years ago in San Francisco with Burt Lancaster and Kirk Douglas. A Russian version ran two years in Moscow: the Cerman translation opened in Zurich a year ago and is still touring.

Like the plot itself, which describes the reunion of Huck Finn and Tom Sawyer at the age of 60, it has taken the roundabout route home, to the Circle in the Square. Like Tom in the play, it has also taken a lot of nerve to invent lifetimes for the two characters, especially when Sabath's play has Tom a child molester and Huck an ironmonger who killed his wife.

There are a *few touching* moments, as indeed there must be in a play that taps into the American psyche. John Cullum retains Tom's endearing innocence, even when be has to rely too much on an ingratiating southern accent, while George C. Scott is an old curmudgeon with a periodic glint of mischief in his eye. Director Theodore Mann lets the initial meeting go on too long and has no antidote for the interminable passages of self-revelation.

The high point of the week is *Jonathan Miller's* refreshing revival of *Long Day's Journey Into Night* at the Broadhurst. The director has brought the production down to three hours, with some script alterations, largely through the device of having conversations overlap, emphasising the repetition in the family's wrangling over the father's cheapness, mother's morphine addiction, Edmund's consumption and older brother Jamie's drunken sloth.

The production puts the spotlight on the mother, with Bethel Leslie dropping the standard angelic interpretation in favour of focusing on her debility, the fissure that cracks the family. Kevin *Spacey's Jamie has the* fortitude to stand up to his father and try to control his mother while Peter *Gallagher is* a rather robust consumptive capable of coming alive in tussles with his older brother.

Jack Lemmon as the father helps bring out the humour O'Neill wove into the story. But his characteristic bent-back sincerity keeps *him a little too* aloof from the tangled web of recrimination in O'Neill's agonizing over family life.

The revival of John Guare's 1971 comedy, *The House of Blue Leoves*, performs two services: it brings back the belly laughs of the *1960s* with zany characters in ludicrous situations; and it breaths life into theatre at Lincoln Centre with a bit in the Vivian Beaumont, a hard-to-fill 1,000-seat theatre. The staging is no easy matter, either, with an enormous stage that designer Tony Walton turns to advantage. He puts a neon-rimmed skyline over the half-moon window of song-writer Artie Shaughnessy's plebeian flat in unfashionable *Queens*.

At least the flat overlooks the route of the Pope's motocade on *his New York visit October 4*, 1965, when beehive-coiffed Stockard Channing, as Bunny Flingus, wants the Pope to bless Artie's songs. She also wants a blessing for their marriage since Artie already has a wife in looney Bananas (Swoozie Kurtz). John Mahoney gives Artie a conscientious energy that keeps the lunacy rolling *along, especially in* the *second* act when a flock of nuns climbs through the window and takes the play to its over-the-edge ending, as well directed by Jerry Zaks.

Sweet Charity at the Minskoff gives Debbie Allen the chance to match the success Gwen Verdon had in the original Bob Fosse production in 1966. A *self-consciously ordinary* love story is enlivened by Neil Simon's funny book and enduring Cy Coleman/Dorothy Fields songs like "If My Friends Could See Me Now" and Big Spender. Fosse recreates his sassy 1960s choreography, which fits Robert Randolph's fancy sets and Patricia Zipprodt's short skirted costumes. If only all the weeks were like this on Broadway!

'New Orleans in Lugano' jazz festival

The 12th *New Orleons in Lugono* traditional jazz festival will take place on June 13, 14 and 15. Among the leading bands appearing will be the Dirty Dozen Brass Band from New Orleans, singer Carrie Smith with Buddy Tate's Swing and Blues Band, the gospel group The Ishmael Singers, Bob Barten's Superjazz, the Keith Nicols Hot Six, the Wolverines Jazz Band (from Switzerland) with special guest pianist Sammy Price.

Over 80 two-hour concerts are to be held in the open air on six stands, specially erected in the central area of the lakeside resort. All concerts are free.

Twenty-two bands and six pianists will provide the music and each group will appear on five of the bandstands so that fans do not miss their favourite artists. The pianists will be featured on one "piano stand."

New Orleans in Lugono is sponsored by the Credit Suisse Bank and the Lugano Town Council and is part of the annual "*Festivol of the Loke.*"

Merlin clock for Kenwood

An important skeleton table clock by John Joseph Merlin—on which an export licence had been withheld for four months while a British museum or gallery was given the opportunity to raise the £25,000 needed for its retention—has beeo acquired for the Iveagh Bequest, Kenwood.

Kenwood is already the home of Thomas Gainsborough's portrait of Merlin, purchased for the collection by private treaty sale in 1983, and Merlin's clock will thus be reunited with the portrait of its maker.

Arts Guide

May 2-8

Opera and Ballet

VIENNA

Staatsoper: *Herzog Blaubarts Burg* by Bartok and Erwartung by Schoenberg; Ariadne auf Naxos with Gruberova, *Tomova-Sintov*; Der Besuch von der Alten Dame conducted by Walter with Johnson, Holm, Glydenfeldt, *Lotte Rysanek*; *Simon Boccanegra* conducted by Graf with Freni, Gonda, Brusoo, Talvela (53 24/26 55).

Volksoper: Schwanda der Dudelsackpfeifer; Der Zarewitsch; Die Zauberflöte; Der Bettelstudent. (53 24/26 57).

LONDON

Royal Opera, Covent Garden: A week of old faithfuls. The strongly-cast Hoffmann with Neil Shicoff in the title role alternates with a Tosca that brings the Russian soprano Natalia Troitskaya to London for the first time, while Marilyn Horne gives a song recital on May 6. (240 1066).

English National Opera Coliseum: Busoni and Johann Strauss make up the week. Dr Fsust continues its first run of staged performances in Britain, while Die Fledermaus returns in Tom Hawkes's familar production (836 3161).

PARIS

Carolyn Carlson's most recent creation with 12 dancers and ooe actor, Mikie Zimmerman to René Aubry's music and Bulgarian songs at the Théâtre de la Ville (4274 2277).

La Fille du Régiment alternates with Ballet School's Soirée, choreographed by Claude Bessy and Vincenz Galeotti at the Opéra Comique (4296 0511).

WEST GERMANY

Hamburg, Staatsoper: La Traviata has Lucia Aliberti outstanding as Violetta. My Fair Lady has Gabriele Ramm as Eliza Doolittle and Boy Gobert playing Henry Higgins. (35 11 51).

Frankfurt, Opera: Orpheus in der Unterwelt features Sharon Markovich, Sona Cervena and Christoph Pregardien. Eugen Onegin features Helena Doese, Pari Samar and William Workman. *Don Giovanni* has fine interpretations by Jill Gomez, Paula Page and Michael Glücksmann (2 56 21).

Cologne, Opera: Carmen includes Kathleen Kuhlmann and Josef Protschka. Parsifal with Siegfried Jerusalem. Händel's rarely played Agrippina brings Janice Hall and Claudio Nicolai together.

Stuttgart, Württembergisches Staatstheater: *Jenufa is conducted* by Antal Dorati. Martha, Loriot's first opera production, was received with acclaim. Fidelio stars Jeannine Altmeyer and Toni Krämer (2 03 21).

NETHERLANDS

Arnhem, Schouwburg. Duets for ballet and music danced by Alexandra Radius and Han Ebbelaar, with Christian Bor, violin; and Frédéric Meinders, piano (Tue). (42 27 41).

The Nederlands Dans Theater with Jerome Robbins' Afternoon of a faun (Debussy), and Jiri Kylian's L'Enfant et les sortilèges (Ravel) and Overgrown path (Janacek). Tue in Den Bosch, Casino (12 51 25), Wed in Leeuwarden, De Harmonie (13 92 25). Thur in Groningen, Schouwburg (13 10 44).

SPAIN

Barcelona, Don Pasquale in a Spoleto production directed by Pier Luigi Samaritani, scenery by Gian Carlo *Menotti, conducted by Roberto* Abbado with Giuseppe Taddei as Pasquale. Gran Teatre del Liceu, Sant *Pau 1*. (318 92 77).

Barcelona, El Sur y La Petenera by Manuela Vargas who recently left *Ballet Nacional de Espana, presents* this ballet co. Teatro Victoria, Paralelo 67. (241 39 35).

NEW YORK

New York City Ballet (New York State). *Lincoln Center* (870 5570).

American Ballet Theatre (Opera House): Mikhail Baryshnikov brings his company to its two-mooth spring season with four new works choreographed by Kenneth MacMillan, John Taras, David Gordon and Karole Armitage, which join the repertory that includes The Nutcracker, Don Quixote, Giselle and La Bayadere. Ends July 5. (362 6000).

Music

PARIS

Nouvel Orchestre Philharmonique, conducted by Gilbert Amy; Mary Schearer, soprano: Amy, Varese (Wed). *Salle Pleyel* (4561 0630).

LONDON

Hague Philharmonic Orchestra, conducted by Alain Lombard, with Dmitry Sitkovetsky, violin. Beethoven, *Prokofiev and Stravinsky.* Barbican Hall (Wed).

English Chamber Orchestra directed by Mitsuko Uchida, piano. Mozart and Stravinsky. Queen Elizabeth Hall (Thur).

Philharmonia Orchestra, conducted by Simon Rattle, with Maria Ewing, soprano. Debussy, Ravel and Boulez. Royal Festival Hall (Thur).

Saleroom/Antony Thorncroft

Life after Hatcher

What effect will the *Hatcher* sale of Chinese 18th century export porcelain at Christie's in Amsterdam last week have on the traditional market in Chinese ceramics?

The prices paid to obtain a piece of porcelain brought up by Captain Hatcher from the sea bed were quite ridiculous in trade terms: the cachet was all.

Today Sotheby's brings the business back to earth with a routine auction of Chinese export porcelain and snuff bottles. Any unsuccessful bidder in Amsterdam who really feels in need of a pair of blue and white dishes or vases can buy them here at a fraction of the Hatcher price. Basically, in future, there will be two price levels for 18th century blue and white — Hatcher items and the rest.

The most desirable object to be sold this week is undoubtedly the complete set of "The Botanical Magazine," which comes under the hammer at Sotheby's on Friday. It runs from 1793 until 1983 when the journal became part of "The Kew Magazine." The 184 volumes contain 10,566 plates of plants, all but three in colour. It is being sold by the trustees of Tresco Abbey Garden in the Scilly Isles and bids of up to £50,000 are anticipated.

Two noble families are thinning out their *shelves* at this auction of atlases, travel, natural history and science books — the Dukes of Northumberland and the Earls of Berkeley. From Berkeley Castle comes two major colour plate books — "Views of Bermuda" by Hallewell, 1848 (estimated at up to £10,000), and Egerton's "Views in Mexico" (up to £12,000), while among the maps from Alnwick Castle are the "Shires of England and Wales" by Saxton and others (top estimate £16,500).

All the great names from the world of the decorative art are included in an auction at Christie's South Kensington on Friday. Works by Gallé, Lalique, Clarice Cliff, Royal Doulton and many more are on offer.

While prices of fine jewels, and especially diamonds, are still well below the levels of the 1980 peak there are ever higher prices being paid for the work of the great 19th century jewellers who are now appreciated for their skills as craftsmen rather than for the value of the gems in their designs. The great names, the Ciulianos, Castellani, etc., are featured at a Sotheby's sale "for the collector" on Thursday as well as the lesser-known French makers, such as Desbazailles. There is also a large selection of animal, insect and bird jewels including butterflies and lizards.

FINANCIAL TIMES

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Tuesday May 6 1986

The threat of trade war

THE EUROPEAN Community and tbe US are wobbling on the edge of trade war. Fortunately both sides bsve been trying to reduce tension. At last Friday's meeting under the auspices of the General Agreement on Tariffs and Trade they proved to he flexible, even thougb nothing of substance occurred to reduce the danger.

As it is entitled to do under the Gatt, the US wants the Community to make concessions to compensate for the dtsadvantages to US exporters arising from tbe enlargement of the EEC to include Spain and Portugal. But instead of taking the issue as a whole it wants early action to compensate for the prospective loss of US outlets for certain farm producta as a result of the inclusion of the two newcomers in the Common Agricultural Policy of the Twelve.

Such an implied sector-by-sector approach hreaks with the precedents set in slmilar negotiations after previous anlargements of the Community. It breaks with the sound principle that trade ahould be viewed in its entirety, in order not to hecome bogged down in a pletbora of special sltuotions and attendant protectionist pressures.

The US is also undercutting the negotiating tactics of the community. If the farm issue is taken In isolation, tha Community will not be ahla to bring fully into play its argument that the US will also gain from enlargement: Spanish and Portuguese national tariffa against manufactures were higher than the Community tariff which wlll in futuro apply.

Gatt principles

Negotiators for the Community were rlght not to concede the sectoral principle. None the less, and thls ls welcome, they tried to find ways to accede to the American wish for speedy progress, in order to enable the US delegotlon to take back some success to Washington. The admlnistration there ls under heavy pressure—enhanced by the bad US trode figures for March—from an assortment of protectionist lobbies.

By not being entirely Inflexible the Community has staved off some of the retallatory measures the US has threatened for July 1. In its turn the Community will be under a lesser need to hit hack.

But the danger of a clash remains and it is not a pleasiog prospect. It is pretty evident that even if the Spanish and Potrugueae situations can he prevented from causing conflict, it would sooner or later—and probably sooner, arise on other agricultural issues. That follows from the failure, at the very outset, to apply Gatt principles to farm trade, and from changes in farming itself.

The result, ln Europe, baa been to produce ever-mounting subsidies to permit aurplusses to be thrown on to the world market, in contradiction of all Gatt principle. The US system works somewhat differently, but the US has shown its determinallon to meet subsidy with subaidy where it can to maintain overseas outlels for lts farmers. Moreover, hy obtaining a walver from Gatt as long ago as 1954 for its farm protectionlsm, lt bas protected its own farmers against full competition from outside.

Political obstacles

As a result the world'a two biggest trading blocs, tha US and the Community, are in a subsidies race. Tbey wlll find the stakes rising a good deal more quickly than the prizea. A Gatt committee has msde sound proposals for avoldlng aucb an outcome hy suggesting tbe entire matter of bringing farm trade lnto Gatt must be tackled anew. The CAP and the US waiver would bave to be put on the negotlating table.

Unhapplly the political obstaclos to thls new approacb sre probably insuperable. Instead there is a tendency in some quarters to want to carve up the world food market belween the major suppliers, an undeslrablo form of cartel and one that the smallar suppliers, such as Australia, bave reason to fear.

In the end economic necessity, as lt so often does, is llkaly to determine tbe course of events. Both the US and the Community are ln dire hudgetary stralts. These have already enforced first, tlmid steps towards contalning surplusses on both sides of the Atlantic. The best that can he hoped for may be that all the contestants will see the self-defeating nature of their current farm policies.

The future of British Sugar

SIR GORDON BORRIE, director-general of the Office of Fair Trading, has had more than his share of hard decisions over the past few months.

But the dilemma with whlch he ls faced this week—whether to refer two hids for S. & W. Berisford, the commodity trading group, to the Monopolies and Mergers Commission—looks at least as fraught with controversy as the hattles for Imperial Group and for Distillers

At immediate issue is tha future of British Sugar (BSC), the Berisford subsidiary and UK beet-processing monopoly. But the battle for the company also raises awkward questions ahout the future of the British sugar industry as a whole.

In one corner is an all-share hid for Berisford hy Hillsdown Holdings, the food and furniture group

In the other, perhaps more contentiously, is Tate & Lyle, the cane sugar refining group. It desperately wants to get hold of BSC with a view to unifying the industry and extricating itself from a debilitating struggle with a much stronger competitor.

It also wants the OFT to give it the go-ahead by sweeping aside the MMC hurdle. If Sir Gordon is not prepared to do that, say hoth Tate and Berisford, then he should refer the Hillsdown hid as well in order to give everybody time to think.

Strategic commodity

Strictly on the hasis of monopolies and mergers considerations. Tate's argument looks distinctly unconvincing. After all, if it did obtain British Sugar, it would he in control of about 94 per cent of the UK sugar market. Hillsdown has no sugar interests, and although it can be argued that it knows little about British Sugar's business, this on its own hardly seems an adequate reason for referring its bid.

Yet, in an important sense, competition in the sugar industry *is* different. Both Tate & Lyle and British Sugar are in a business which is dominated as much by politics as by economics.

Tate owes its continued existence as a UK refiner entirely to a political concession: the EEC's commitment when Britain joined the community to buy 1.3m tonnes a year of raw cane sugar from African, Caribbean and Pacific countries.

Tate's UK refining operations are now in trouble, largely as a result of the economic consequences of that political commitment. As the company has been saying forcefully in the past few weeks, it cannot compete with BSC, simply because it has to pay much more than BSC for its feedstock.

Tate has another card. To back up its argument for a Hillsdown referral, it is pointing to a clause in an earlier MMC report on Berisford's hid for BSC which said that further consideration would be desirable if any changes occurred which would "fundamentally affect the present market arrangements."

Fundamental problems

The question for the OFT, therefore, is this: does the Hillsdown hid represent such a fundamental change? Hillsdown, predictably enough, saya it does not. Tate & Lyle and a numher of large sugar conaumers such as chocolate, cake and hiscuit manufacturers say it could, given that Hillsdown has links with Ferruzzi, the large privately-owned Italian group which has substantial Continental sugar interests.

Sir Gordon needs to satisfy himself fully that Hillsdown is not simply acting as a Trojan horse for Ferruzzi, where involvement in Britisb Sugar might raise significant conceros about competition. If he is so satisfied, then the Hillsdown bid for Berisford should not he referred.

It has to he recognised that a Hillsdown takeover of British Sugar would solve none of the sugar industry's—and more particularly Tate & Lyle's—fundamental problems.

Yet it would be wrong for the OFT/Monopolies Commission procedure to be used for the purpose of conducting a review of the future of tho British sugar industry, that ia a motter for the Government.

If ministers attach lmportance to the continued access of ACP sugar to tbe community, as they should, they must ensure that the EEC arrangements are not so biased against Tate & Lyle as to undermine the economics of its UK refining operations. Shuffling the prohlem across to the Monopolies Commission, hy referring both bids, does not provide a solution.

BATTLE FOR GLOBAL MARKETS

Foods without frontiers

By Christopher Parkes

DOES tha European food industry need more flesh tn fulfil its dream of empire? Or does lt need more yoghurt?

Sir Hector Laing, cbairman of United Biscuits, glum hut unrepentant after losing the tussle for Imperial to Hanson Trust, still insists that the best way for the industry to hreak out lnto the wider world market is to develop corporate hulk. He argues that Europe needs muscular corporations, US-style, as a foundallon and as a springboard.

He has hard words for the myopic City of London community, which, he says, prefers short-term performance to long-term grand strategies. He is frustrated by monopolies legislation which would prevent, aay, a merger botween UB and Rowntree Mackintoah. And be is cross witb tbe Financial Times.

"I'm sorry you said we were trying to form something too big with Imperial (FT Leader, April 10). We would have been 'too big' only in relation to the way we view size in this country," be says.

Such a mentality will cost us dear in future, argues Sir Hector. Other international groups will become bigger and stronger and Britiah companies will become relatively ao small that they can no longer compete, especially in the Tbird World where the prospect of real market growth lies.

Prof Jobn Stopford, director of the Centre for Business Strategy at the London Business School, is a yoghurt man. The secret of success in international markets "has nothing to do with scale," be declares. "It haa much more to do with prodoct."

He draws an example from the recent successes of a French company: "BSN ia the world leader in the yoghurt market. Its lack of scale hasn't prevented that."

BSN, througb Gervais Danone, has built a strong trade all over tho world, hreaking out of a strong French base into Europe and on into Brazil, Mexico and the US. It has even seduced Jopan, notorious as the world's most milk-resistant market, and ls building a Kronenhourg brewery in China.

UB and other groups with pan-European or even glohal amhltions can learn from this demonstration. "They should he after products which have international rather than national markets," Prof Stopford concludes. That, he argues, is how the few existing supranational foods groups have succeeded. The Swiss group Nestle, for example, was built on an apparently simple line of dairy products, with the recipes finely tuned to suit various national tastes.

Tbe secret lies in the willingness, ability and even the luck to find and exploit the nuances of local eating habits and preferences.

This is not the exclusive province of the Nestles and Unilevers. Hellman's is a world-renowned name in mayonnaise because it pays close attention to this—even to the extent of producing a dozen slightly different recipes for regional demands in its base US market. Gervais Danone has succeeded in Japan because it uncovered a preference for drinking yoghurt rather than spooning it up. Heinz has done lt with any number of products—the famous 57 range now covers mora than 3,000 varieties—since it borrowed a recipe for *ketsiap*, from Singapore in the 1870s and progressively doused the world in tomato sauce.

Prof Stopford concludes: "Nestle and Unilever were market pioneers. They created the markets and took the equivalent risks. Once they were in they found the risks were leas."

That early experience has given them a conaiderahle advantage over more recent entrants to the interoational food market. They were preseot at the birth of the consumer culture. They accepted the opportunities provided hy the industrialised world's gradual invasion from a diet based on commodity foodstuffs to one of processed goods.

This has enabled the pioneers both to nurture consumerism ond to grow with it. They and their brands are part of popular culture. And they are fiercely protective of their role and position. For example, BSN cannot bave failed to detect the potential threat from Nestle and Unilever's plans to merge their French and West German yoghurt interests.

While thia joint venture is to some extant related to the scale of tho companies involved, the most algnlficant factor is that the prospective partners are not perturbed by the raft of "disadvantagas" which less mature food companies say prevent intra-European connections.

Any leading European food maker will cite a familiar list of obstacles: cultural differences, language harriers, different shopping and eating habits, monopolies legislation, govarnment interference . . . even downright chauvinism.

The Unilever and Nestle pioneers overcame all these hurdles years ago and continue to rango frealy across Europe and the world at large. "The US companles which hova come in in the post-war period have done well against regulatory obstacles," Prof Stopford observes.

Cultural and legal differences, however, seem to present insuperable difficulties to even the biggest of the newer European companles.

Sir Hector was all the more peeved at missing Imperial because, having considered European links, he bad heen persuaded thar the only way be could form a giant European corporation which would not be riven by cultural divides was by linking with a Britisb company. With Imps stowed in Lord Hanson's locker, there are few large-scale merger opportunities left in the UK which would not foundar on monopolies legislation.

Faint ecboea of Sir Hector'a lament are also to be beard on the continent. Mr Claude-Noel Martin, head of Generale Biscuit, said recently that national food companies sbould try "friendly" link-ups to give themselves wider opportunitiea ln Europe and beyond.

However, his remarks must be judged in tbe ligbt of BSN'a purcbase of 20 per cent of Generalo Biscuit's stock, and reports tbat both GB and BSN were both under takeover threat from unknown multinotionals. On past evidence from Europe, the fear of being swallowed up is llkely to prove a far greater spur to talk of friendly cross-holdings, co-operation or consolidation than any long-term grand ambitions in tbe world beyond existing national markets.

Rather than combino their energies and skills to develop a properly pan-Enropean food industry, tha new generation of big companies ln the EEC—and they are mostly British—bave sougbt to acquire or develop links across the Atlantic.

Even this is a relatively recent development. Until ten years ago they were still based in their bome countries earning overseas income from exports. In 1975, according to London brokers Wood, Mackenzie, the Britisb food processing industry drew only 8 per cent of its profits from the US and Canada, 70 per cent from the UK and 22 per cent from the rest of the wnrld. By 1984, 25 per cent cama from North America, 59 per cent from the home morket and 16 per cent from alsewhere.

Generale Biscuit is now the third largast biscuit maker in the world behind Nabisco Brands and UB. It has been bolped into this position by tho fact that 26 per cent of its profit now comes from the US.

The attraction is simple. The US offers a unique bomogeneous market of 250m people. It also offers rich rewards for the successful. "Returns are 50 to 100 per cent better than in Europa if yon can get out a top-ranking product," says Mr David Laing of Henderson Crosthwaite, the London broker.

Margins ln Europe are squeezed by the powarful multiple retailers and buying groups which dominate the trade. "I don't think there's a word for profit in tha German food industry's dictionary," he adds.

However, Europe's preoccupation with piling into the US market is beginning to fade. EEC companies already established there mostly found their niches during the bout of merger and disposal fever which struck the US food industry in the mid-1970s. Now, following tha multi-billion dollar takeovers of General Foods by Philip Morris and Nabisco Brands hy another tobacco giant, R. J. Reynolds, the industry seems to be settling down. Suitable or affordable major acquisitions are rare, even for indigenous food makers.

With obstacles to expanslon in both Europe and North America, the seekers after growth are looking increasingly to developing countries.

The businesses involved fall into four groups. First in the bunt are the old-established supranationals like Nestle and for decades in the Third World. for decades in the third world. Tbey have long experience of developing consumer markets from scratch and clearly have an advantage.

Second come the pure food multinationals like Heinz and Kellogg. They have clear strategies for following the example of the first group. Two years ago Heinz, noting that its products were still not available to 85 per cent of the world's population, bought a prominent Zimbabean cooking oil, candles and soap company as a base for building markets in southern Africa. It can graft on its more sophisticated products as the market develops.

It has also won a potentially vital entrée into China, where it is building a joint-venture baby food factory. It is already priming the market with imported instant cereal products made in Italy. It has helped establish a nutritional science institute and is forging close political links to reinforce its foothold. Both examples demonstrate the company's will to establish itself in emerging consumer cultures, as it did in Britain 100 years ago.

Kellogg is following a similar track, spreading its cereal products widely across the world, inbricating its progress by developing milk substitutes for markets where dairy cows ore scarce.

Third are corporations like Philip Morris and R. J. Reynolds which have moved at enormous cost to buy a presence in international food markets. Molding their proven strengths in global consumer marketing — both sell cigarettes in about 170 countries — with the international ranges and experience of Nabisco and General Foods — will give them undoubted leverage.

And fourthly como the Europeans, Sir Hector in the van. The scale of the competition is perhaps dainting, hut if size were as vital as ha suggests, then United Biscuits should already be in the third world working alongside tho othera. For all his protests, UB is already a worldscale operation — about the same size as BSN whan judged on its annual sales.

If the British could be admitted to Fortune magazine's annual list of the top 500 companies in the US, United Biscuits would rank among the first 150, a little behind Kellogg and well ahead of Hershey Foods. Its compatriot Allied-Lyons would stand even higher, only a little way behind Helnz and ahaad of Quaker, Kellogg and United Brands.

Sir Hector has shown by his ventures in the competitive US market and by introducing the Wimpy bar to New Delhi that he is prepared to take pioneering risks. He may bave no yoghurt, but there ara several hundred other products in his portfollo.

He had hoped, through the Imperial merger, to acqulre extra financlal strength—especially the cash flow from the tobacco operations—and thus to put UB on more level terms with Philip Morris and R. J. Reynolds. It may well continue to prove a frustrating objective.

EUROPE'S LARGEST FOOD MAKERS

Company	Country	Worldwide food turnover (£bn)
Nestlé	Switzerland	14.2
Unllever	UK/Netherlands	9.3
Dalgety	UK	3.8†
Associated British Foods	UK	2.9‡
United Biscuits	UK	1.9
Cadbury Scbweppes	UK	1.8
Tate and Lyle	UK	1.6
Unigate	UK	1.5*
Jacob Suchard	Switzerland	1.4
BSN Gervais-Danone	France	1.4

May 2 exchange rates; 1985 financial year accounts. * Including dairy business. † Including £1.4bn of food turnover in US. ‡ Including retailing.
Source: Henderson Crosthwaite

Men and Matters

Tough talking, tall talk

Yesterday's Tokyo summit communique on terrorism was not, we are told, entirely to American taste. President Reagan, though pleased, had wanted an even tougher lina from his allies.

What, though, of the US's own follow-through? Europe's travel industry, at least, suspects so much *braggadocio*. Tourist chiefs bave been complaining since the bombing of Libya that Americans are only too aware of the virtues of vslour's better part.

But British businessmen are olso alarmed.

A letter from Hugh Twiss, director of Save and Prosper, the British investment management company, articulates well the resentment of those in Britain who have suffered from recent US economic witbdrawal. He is addressing an Ohio-based engineering concern which has just cancelled its planned investor relations tour in London "in view of current internallonal tensions and associated uncertainties."

Mr Twlss writes:

"I have to tell you that I find this decision incomprehensible and disgraceful. It ia playing exacily into the bands of the terrorists in allowing your business to be disrupted. It makes a mockary of all the hravado of the USA in trying to deal with terrorism and leaves us Europeans with the feeling that the only reason the US wants us to support them is so that we can take all the flak afterwards. If it is safe enough for your shareholdera to live here, it is safe enough for your executives to visit them."

Mr Twiss concludes wlth an expression of something less than confidence in the US company conceroed.

"These prison hreakouts couldn't have come at a hetter time for us—trade is terrible."

Coming clean

The management team at Guernsey's Beau Séjour leisure centre bas just had a practical demonstration of the often-repeated advice to executivea that it is worth listening to the workera.

Evan Ozanne, tbe cbief officer, and his team, who recently won the Sports Council Southern Region management award, had been trying to dream up o slogan to mark the centre's 10th anniversary this year.

Suggestions were chalked up on a hoard at successive management meetinga, but none of them seemed quite right. Then, one morning, what everyone agreed was the answer magically appeared on the hoard: "Beau Séjour — tous lea jours."

No one claimed authorship until finally, lost week, tho culprit owned up. Mrs Maureen Carré, a cleaner, knowing ber bosaes were racking their hrains for a slogan, bad decided to put them out of their misery.

Central issues

The financial squeeze is on at the West German Bundesbank—and the groans of outrage can be heard wafting over the Maln.

Employees in Frankfurt living in some 1,500 dwellings owned by the central bank have just been told they could face an extra tax bill backdated for five years. The tax man argues that the "Bundeshankers" are paying cheaper rents than those charged for similar accommodotion on the open market, and that this amounts to a taxable benefit.

Nor is Revenue assiduity the only cause of unrest. Bundeshank employees point out that in the mid-1970s they were earning about 12 per cent more on average thon staff working for the "Big Three" commercial banks. Now, they say they bring ln some 13 per cent less than tbelr commerclal fellows.

One reason is that the Bundeshankers had a speciol allowance, amounting to 30 per cent of their hasic salary, frozen by an unsympathetic eentre-left government in Bonn ln 1975, and the present centre-rigbt adminlstration has not so far seen fit to actlvate a thaw.

All ln all, a deplorable picture of ingratltude, complain the Bundeshankers, who drow onlookers' attentlon to the fact that they currently contribute about DM 25hn o year in profits to Bonn.

Encouraging signs

The Engineering Council has chalked up another polnt for industry in its campaign for puhlic recognition. The Home Office has agreed to its proposal that professionally qualified engineers should now be entilled to countersign passport application forms.

New forms still put MPs, JPs and ministers of religion at the top of the list of those who can confirm the ldentity of on applicant but engineers are included, for the first time, with doctors, lawyers, bank officers, clvil servants and police officers as acceptable signatories.

That makes another 250,000 people you can turn to for confirmation that you are who you say you are. Dr Kenneth Miller, director-general of the Engineering Council, said he was delighted that tbe Home Office had agreed to its proposal. "It's a nice stamp of approval to get."

Basket futures

The Dsllas-based BancTexas group, which has recently been forced to sell off one or two small subsidlorles to meet casb calls on lts hank credit lines, has hit on a new incentive to attract much-needed deposits.

It is offering "play-off payoff" certificates of deposit tled to the results of the Dallas Mavericks basketball team.

Every time the Mavericks win, the holder of a minimum $1,000 one-yeor CD gets an extra 0.05 per cent on his interest rate. A bonk spokesman declined to say how many Mavericks fans had responded or how mucb cash the 13 member banks ln the group (total assets $1.7bn) boped to raise. But he did assure csllera that deposlta up to $100,000 were insured by the FDIC.

Climb-down

Not all summitry scales the peaks. In Tokyo yesterday, Sir Geoffrey Howe, the British Foreign Secretary, octually managed to plumb the depths—of language at least. Governments must, ho said, aim to "demountainise" food surpluses around tbe world.

Observer

US EMPLOYEE STOCK OWNERSHIP PLANS

Millionaires on the shop-floor

By Terry Dodsworth in New York

THERE CAN be few more rewarding places to work in the US than Lowe's, a building materiels supply company based in the green, rolling tobacco country of North Carolina.

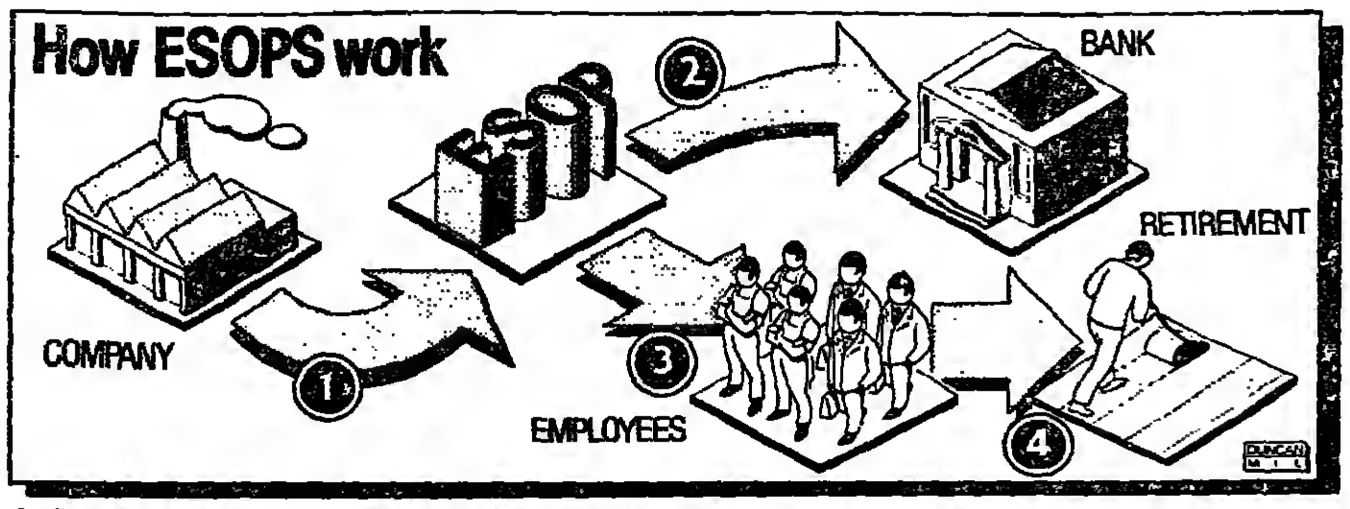
When Mr James Walters retired from his job as a store manager at Lowes's a few years ago, he left with $2m in his pocket—and, at the age of 44, the prospect of many years in which to spend it. One of his colleagues, a truck driver who had worked for the company for just 21 years, departed with $426,000. "I would think," says Mr Robert Strickland, chairman, "that we have about 50 millionaires in the group."

The ingredient which generates these munificent, Wall Street-style rewards is employee ownership. About 25 years ago, Lowe's joined the vanguard of what was then an infant crusade to extend share ownership to the workers. Its experiment has since turned into a triumphant success. The company now runs 235 stores against the seven it started with at the beginning of the project, is reckoned to be the market leader in its sector, and, over the past three years, has pushed its sales from $1bn to $2bn.

"We have seen employee stock ownership work to create incentive, productivity, motivation and wealth," Mr Strickland told the Senate Banking Committee a few years ago.

Lowe's experience is by no means an isolated phenomenon. The campaign it helped pioneer has become a broad movement, exercising a steadily growing influence on the US economy. According to the latest figures from the National Centre for Employee Ownership (NCEO), around 8,000 companies in the US are offering workers a stake in their equity in some form or another. Between 10m and 11m workers — or 8 per cent of the total workforce—are covered by the plans, and last year alone, between 700 and 800 new schemes were introduced.

While there is no simple explanation for this surge of interest in employee equity involvement the movement is underpinned by some radical shifts in the way US companies are dealing with the question of workforce organisation.



1. Company makes regular contributions to ESOP. The full amount, principal and interest, is tax deductible.
2. ESOP uses the company payment to pay off the loan. The bank is taxed at a rate of ooly 50 per cent on its ioterest income.
3. As the loan is paid off, building up net worth in the ESOP, stock in the ESOP is allocated to employees. Dividends are paid directly to workers or are allocated to paying off more of the loan.
4. Employees collect stock when they leave.

Many corporations are struggling towards new forms of participative management. Profit sharing, sophisticated communications programmes, and worker involvement in some level of decision-making are all being tried as a way of facing the challenges posed by a better educated workforce and intensifying foreign competition. Management thinking has shifted decisively away from pure numerical judgments on productivity towards quality and employee motivation — the ideas that have flowed across the Pacific on a tide of Japanese products.

"People who believe in employee stock ownership," says Mr Strickland, a former president of the NCEO, "come broadly from two different directions. On the one hand, there are those who are influenced by a sociological point of view, and are interested in issues like workplace democracy, workers on the board and participatory management. On the other are those who originate from the economic side, where the emphasis is on incentives and motivation — dollar issues as opposed to ballot box issues."

The strength of the employee ownership movement today has largely hinged on the way these diverse ideas and shifts in the emphasis of management have been channelled into a radical new investment vehicle — employee stock ownership plans, or Esops.

Esops were mainly the creation of one man, Mr Louis Kelso, a controversial lawyer turned investment banker with a messianic faith in widely based capital ownership, both as a defence of economic democracy and a motivational tool in the workplace. Mr Kelso eventually won the ear of Congress, and a series of bills granting tax concessions of various kinds to Esops flowed out of Washington from the mid-1970s, eventually turning a struggling movement into a tidal wave.

The creation of the Esop financing structure was important because it gave a ready-made vehicle to companies thinking of using worker shareholding to generate more commitment.

One problem facing many organisations was how to fund a buy-out. Since workers generally do not have the financial resources to buy the company they work for, the Esop establishes a trust to borrow sufficient money to acquire the shares for them. The loan is guaranteed by the company, and then paid back from future earnings, with equity gradually accumulating to individual workers, who are "vested" with the stock as the Esop builds up its net stake in the company.

Tax is a vital factor in the transaction — indeed, Mr Corey Rosen, one of the founders of the NCOE, concluded in a recent study that a majority of Esop companies would not have embarked on their schemes without the tax shelters. All the partners benefit to some degree. Shareholders can sell to an Esop at a reduced tax rate; banks can lend to an Esp and deduct 50 per cent of their interest income from tax; and companies can make tax deductible their new issues of stock to the Esop.

The tax question is one issue that has led to extensive criticism of Esops — should taxpayers in general be underwriting a separate group of the tax-paying public? But there are several other problems that have raised opposition to the idea as well. Esops are attacked for example, for contributing to the rapid increase in the outstanding debt in the US—in the recovery years 1983-85, US non-financial corporations added around $375bn to their outstanding debt, while retiring nearly $125bn of equity—and, more recently, for their use in takeover defences. Several companies have used the device to go private and escape a bid.

Union attitudes towards them are also ambiguous, not least because Esops have often been organised to take over companies that have fallen on hard times. "We have had very mixed experiences with Esops," says Mr Mark Hardesty, research officer at the United Auto Workers Union, who points to the failure of the Hyatt-Clark plant in New Jersey, which was divested to the workforce by General Motors, but collapsed because it had a technologically obsolete product. "They are certainly not the answer to saving American industry."

Although Mr Hardesty concedes some successes, even apparently effective Esop companies are often viewed with suspicion by the unions. They are frequently taken to task for substituting stock ownership for an adequate pension plan, giving management unequal rights to the employee-owned shares, and allowing employees too little say in running the company or the trust.

For Esop supporters, these are technical issues that can be resolved. Mr Strickland says, for example, that there is no point in blaming Esops that have failed in run-down industrial enterprises. "An Esop was never meant for a bail-out proposition," he says. "If the market has disappeared, who owns the assets is of no consequence."

The more important questions, according to the Esop missionaries, are related to performance and motivation of employee-owners. The positive side of the balance sheet, they say, adds up something like this.

First, Esop companies have generated very healthy results overall for their workers. "In the average Esop, an employee earning $18,000 a year, the median range in the US, would accumulate $32,000 worth of stock in 10 years," says Mr Martin Quarry of the NCEO. "In 20 years, he would make about $124,000."

Second, Esops tend to produce better results than their competitors. Although the statistical surveys on performance are not conclusive, several reports have claimed that productivity and growth in Esops is higher than the average for their industries, and Mr Rosen's research indicates that they generate jobs three times as fast as the average.

Third, the fact of ownership exercises an extremely strong psychological influence—much stronger, say the Esop proponents than, say, profit-sharing or a good pension fund. Indeed, the latest surveys indicate that by far the most important element in an Esop is the size of the extra payment handed out in stock every year. The larger the amount—and a few companies give up to 25 per cent of normal pay—the more committed employees tend to be.

Finally, employee-owned companies have a natural entrepreneurial bias, a feature which is attracting support in an industrial system increasingly accused of becoming over-bureaucratic. The connection between efficiency and higher financial rewards seems easier to make in Esops than in conventionally organised companies, particularly when the payouts are large.

"People work here," says Mr Richard Mendelson, president of Katz Communications, a New York Esop that was acquired for $3m in 1971 and is now worth around $85m, "because it makes sense and because this company has something that does not exist elsewhere. When the system works well the results are spectacular."

The Chernobyl disaster

Secrecy that is useless

By Patrick Cockburn in Moscow

"DON'T EAT the strawberries this summer—they come from the Ukraine," said a Muscovite woman this weekend. But by and large, Kremlin communiques and attacks on the Western press have satisfied people in the capital that they are in no danger from radiation in the wake of the Chernobyl disaster.

This is scarcely surprising given the low level of knowledge about the impact of radioactivity among Soviets of almost all ranks: some of the more nervous arriving in Moscow by train from Kiev ask if they should boil their drinking water to avoid contamination by fall-out. The main Soviet television news at nine in the evening repeatedly showed Ukrainian folk dancers whirling about, apparently under the impression that this would give the lie to Western slander that there is lots of radioactivity about.

The same misconception exists among senior Soviet officials. The destruction of the Chernobyl reactor has been treated as if it was a dam burst in which a finite number of people are killed or injured. There is no appreciation that a nuclear accident is different—and so is its political impact—because the effects of radiation are long delayed. The Ukrainian folk dancers, however animate last week, may die of cancer in five, 10 or 15 years.

There is equally little sign in Moscow that the political implications of Chernobyl have sunk in on the Soviet leadership, as they return from the long May Day holiday. In his only communication since the disaster occurred, a letter to six non-aligned Prime Ministers on an end to the Soviet test ban, Mr Mikhail Gorbachev did not even mention it. There is no hint of appreciation that any growth of trust in Western Europe in the intentions of the Soviet Union produced by Mr Gorbachev in his year in office disappeared sometime between Monday evening and Thursday.

The biggest mystery in Moscow is not the technical origin of the reactor disaster but how Mr Gorbachev's new look politburo should have shot itself in its collective foot by saying nothing of the accident until a radioactive cloud was over Scandinavia. It then produced snippets of vague but alarming information sufficient to induce maximum hysteria in Western Europe. If Mr Caspar Weinberger, the US Secretary of Defence, had been left in charge of Soviet public relations for the week he could not have inflicted more damage to the Soviet image in the world.

Indeed, it is by no means clear who was in charge last week. Since the shooting down of the Korean airliner in 1983 one politburo member is normally left on duty during holidays. In any case, as some Soviet officials have hinted, the responsible officials in the Ukraine where the accident occurred may have concealed the extent of the accident until the Monday morning.

Moscow then committed the same blunder as when the Korean airliner was shot down. In seeking to deny guilt it dug into indefensible ground saying that the accident was under control.

It is probably too late now for Mr Gorbachev to try to back-track from the initial disastrous response to the catastrophe.

Over the last four days, the Russians have through the medium of Mr Boris Yeltsin, a non-voting member of the Politburo and Communist Party leader in the city of Moscow, attempted to pass more information to the outside world. But Mr Yeltsin's comments have been made in Hamburg, and unlike the early, sparse statements on Chernobyl have not been reported inside the Soviet Union.

It is difficult, but not impossible to feel sorry for Mr Gorbachev as he tries to appease these diverse constituencies.

He has genuinely tried to combat unnecessary secrecy within the Soviet Union. One bis senior advisers, Dr Georgy Arbatov, head of the US and Canada Institute, argued recently on Soviet television that useless secrecy within the Soviet Union fuels sensational accounts abroad and "the moment the ban on the obvious is lifted, it ceases to be an object of speculation." Certainly the ban on the obvious, in this case a cloud of radioactive dust travelling north across the Baltic, lasted long enough to torpedo the diplomacy to which Mr Gorbachev has devoted so much time in the past year.

Letters to the Editor

Fixed exchange rates

From Mr J. Williamson

Sir,—Sir Alan Walters states (April 28) that he would be interested in hearing of "any small country operating a fixed exchange rate system with sophisticated, open and free capital markets." He suggests that the only such example is Hong Kong, but paradoxically goes on to mention the Netherlands without recognising that it provides the obvious case in point. In recent years Denmark has become a second example in the EMS.

These two cases demonstrate that it is perfectly possible for countries free of exchange controls to thrive within the EMS. The condition is of course that they direct their monetary policy primarily to management of the exchange rate. Given the fiasco of monetary targeting, the chance of adopting an exchange rate target as the principal guide to monetary policy can be counted as one of the attractions rather than costs of entering the EMS.

If Sir Alan responds that the EMS is not a fixed exchange rate system, he is of course correct. But to suggest that the occasional modest realignments in that system create exchange rate uncertainty in any way comparable to that which has afflicted sterling as a result of floating is laughable.

John Williamson,
(Senior Fellow),
Institute for International Economics,
11, Dupont Circle NW, Washington DC 20036, USA.

Reform of family taxation

From Mr A. Furse

Sir,—The investment income of a married woman is taxed as that of her husband at his top marginal rate.

The whole of the current discussions on reform concentrate on the way in which the exempt personal allowances may be altered to give a married woman the same type of independent personal allowances as a single woman and the complications so introduced may persuade Parliament to drop this aspect.

Even if a married woman has no exempt annual personal allowance, however, it would be a simple matter to legislate that she was still entitled to a separate assessment with the first £x000 of her income assessed at no more than 30 per cent—or 29 per cent—and to higher rate taxes only if it reached the appropriate level.

The practice of taxing her income as that of her husband (because the Inland Revenue thereby collects more tax) cannot be justified or defended, and the evident complications of a new system of personal allowances, transferable or otherwise, should not be allowed to prevent such a simple reform.

A. W. Furse.
*Nerquis,
Mold, Clwyd.*

Charities and the Finance Bill

From Mr M. Gammie

Sir,—May I wholeheartedly support Mr Hayes' criticism (April 30) of Clause 29 and Schedule 7 of the Finance Bill.

Is it really doubted by anyone that the National Trust, Oxfam, Save the Children or many thousands of other entirely legitimate charities will not expend the money they raise on their charitable objects? Whatever the interval between receipts and expenditure? Yet neither the size of the charity nor the legitimacy of its activities places it beyond the potential scope of these wide ranging proposals. The possibility of falling within these provisions, even if in the long run everything turns out all right, will I imagine, be an administrative nightmare for many charitable trustees.

The solution is for the Government to withdraw these proposals and to consult properly with interested parties as to the correct solution to certain abuses by a small minority of charities. This might involve looking more closely at what qualifies as a charity and at the possibility of imposing on a charity which has accumulated a surplus a tax charge somewhat similar to that proposed for pension fund surpluses. A charity with an unacceptable level of surplus would have to justify the existence of the surplus or take steps to reduce it by expenditure on proper charitable purposes.

At present we have a legislative scythe that will mow down far more innocents that it will ever harm tax avoiders.

Malcolm Gammie,
Linklaters & Paines,
59-67, Gresham Street EC2

Cheshire's rates

From the Leader, Cheshire County Council

Sir,—You carried a report (April 24) that the Confederation of British Industry had compared the responses by various councils to the representations of the CBI in connection with rate and precept increases. Cheshire is specifically cited where, faced with a request to reduce the rate by 30p (16 per cent) by using £60m which we had "in the bank," the county council increased the precept by 10 per cent.

Merely because the CBI says it, does not make it so. This year we have brought into account the whole of our free balances to produce the lowest increase of a precept in England. But the £60m to which the CBI alluded is not in our bank but in the Department of Environment's bank; when we get legal title to these funds—technically still penalties under the rate support grant settlements, but due to be released in 1987 and 1988—we will use them for the benefit of Cheshire ratepayers. We gave this message to the CBI; it continues to ignore it for reasons of its own.

(Councillor) John H. Collins,
*County Hall,
Chester.*

Motoring on the company

From Mr R Small

Sir,—According to Anthony Fraser (April 28), the private benefit gained by the company car user is usually marginal and, in any case, is normally smaller than the tax bill which that benefit attracts. Mr Fraser has not done his homework.

A plethora of management remuneration publications highlight the tax advantages of companies providing cars for their employees. The perk is generated through the private use of the car. For some it accrues in the form of saved standing charges, such as vehicle depreciation, car tax, insurance and interest on capital not paid out, and saved repair costs. For others it includes these savings plus free petrol for private use.

As Mr Lawson conceded in his 1986 Budget, tax on company cars still does not cover the full value of the benefit. Indeed, this is something of an understatement. Managers and junior executives with the full private use of a 1600 cc car will effectively have added between £2,500 and £4,500 to their gross salary — even after paying tax based on the so-called scale charges. For senior executives and directors the benefits are staggering, worth anything between £5,000 and £15,000 per annum.

Of course it is true that many employees have a genuine car requirement for work purposes. A survey in 1985 reported that 80 per cent of executives enjoy the private use of a company car.

The annual company car subsidy, through tax avoidance, may now exceed £2bn. Little wonder that these cars have come to dominate the British motor industry, with around 70 per cent of all new cars on the road being bought by companies. But this is not a healthy situation.

Moreover, companies themselves are no longer loyal to UK products as executives look to the prestige models of Europe to meet their status requirements. Half of new company cars are imported.

Consequently, the environment, the UK small-car industry, and consumer choices for smaller UK cars have been harmed.

This massive subsidy to the company car distorts the UK motor industry and the tax system. Considerations of efficiency and equity require that it is brought within the normal procedures of public expenditure planning and control.

Robin Small,
*Low Pay Unit,
9, Upper Berkeley St, W1.*

Pensions funding

From Mr J. Sparks.

Sir,—I had always understood that one of the purposes of advance funding of pensions was to pay extra when an employee was young to lessen the burden of cost as he drew near to his retirement. The DHSS appears to appreciate the point in its advocacy of the "money purchase" method which by definition, spreads cost evenly as a proportion of salary over an employee's career. The Treasury, however, wishes to measure surplus by the "projected unit credit" method which pointedly takes no account of higher costs as members get older.

The inconsistency of the Government's approach is acknowledged by its decision to exclude, from the proposed taxation of surplus, "money purchase schemes" which by design build up "surplus now" in order to meet "deficiency later." Other criteria would have been available to penalise gross overfunding and to discourage abuse of the tax-exempt system.

It is clear to me that the Government's main objective is to create new sources of tax revenue. The widening of the tax base helps to make paying more tax feel less painful, even though reasonable prudent provision for the future is thereby prejudiced.

John D. Sparks,
*37, St James's Ave,
Beckenham, Kent.*

FINANCIAL TIMES

Tuesday May 6 1986

Saatchi & Saatchi in merger talks with Ted Bates

By Richard Tomkins in London

SAATCHI & SAATCHI, the international advertising agency, is understood to be in merger talks with Ted Bates, the privately owned US agency, which could lead to the creation of the largest advertising agency group in the world.

If the talks are successful the merged group would displace from the top position the grouping announced only last week by three of the leading US agencies – BBDO International, Doyle Dane Bernbach and Needham Harper Worldwide – which together have billings of about $5bn.

Ted Bates is a New York based international agency with 5,600 employees. Its chairman and chief executive is Mr Robert Jacoby, who is also a major shareholder.

Billings amount to about $3.1bn, of which $1.9bn are in the US. Major US clients include the Avis car rental company, Commodore business machines, the Mars confectionery company and the Warner-Lambert drugs group.

Saatchi has established itself as one of the fastest-growing agencies in the business and has made eight acquisitions in the US in the last 18 months. The most recent was the purchase of Backer & Spielvogel for an initial $50m last month, which coincided with a £406m rights issue to fund further acquisitions.

The Backer & Spielvogel purchase brought Saatchi's billings up to about $3.5bn, which, until last week's US merger, gave it second place in the international league table behind Young & Rubicam. A merger with Ted Bates would therefore give it clear market leadership.

However, Saatchi and Bates are known to have held merger talks on at least two previous occasions in the last 18 months without a successful outcome. The present talks are at a delicate stage and neither party was available for comment yesterday, but a statement could follow this week.

Technip to sign $300m Ekofisk oilfield contract

BY PAUL BETTS IN PARIS

TECHNIP, the leading French engineering and industrial processing concern, is about to sign a contract to co-ordinate $300m of work to raise six platforms in Norway's giant Ekofisk offshore field where they have been subsiding into the seabed.

By lifting the platforms six metres they would be more protected from the increasing risk of being swept by waves during North Sea storms.

Technip indicated yesterday that its share of co-ordinating and devising the novel operation in the offshore oil sector would amount to between $20m and $30m. The total cost would come to around $300m but it is not yet known who the other contractors and equipment suppliers will be.

Technip officials confirmed yesterday that Phillips Petroleum, the operator of the Ekofisk field, was on the verge of confirming the choice of the French process to raise the platforms in the Norwegian North Sea. The Norwegian authorities and Phillips' other partners had also approved the plan, Technip said.

Phillips has been seeking for some time a solution to the growing problem of subsidence at the Ekofisk field. The platform structure has been sinking slowly under the seabed as the oil has been pumped out of the offshore reservior. The subsidence created an increasing risk of the platforms being swept by waves.

Phillips has been reinjecting into the field large quantities of gas to try to maintain pressure in the reservoir. In the longer term, the group plans to inject nitrogen to maintain pressure but this project would involve substandial costs and take six to seven years to completet, according to Technip officials.

Phillips thus considered short-term possibilities to tackle the subsidence problem at Ekofisk. One suggestion, quickly abandoned, was the sinking of mothballed oil tankers around the Ekofisk platform structure to create an artificial lagoon and protect the structure from storms and waves. This was followed by the Technip proposal to raise the entire structure.

The Ekofisk contract is expected to be a psychological boost for Technip which has just returned to profitability after nearly going bankrupt. The leading French process engineering contractor reported last week net earnings of FFr 420.7m ($60.3m) last year compared with a loss FFr 1.42bn in 1984. But the company benefited from a FFr 2bn rescue package from its shareholders and bankers

BP gas gathering plan could settle future of N. Sea fields

BY DOMINIC LAWSON IN LONDON

BRITISH PETROLEUM is preparing the ground for a gas-gathering pipeline that will act as a catalyst to the development of a large number of unexploited gas fields in the central North Sea.

BP is calling for meetings this summer with companies which have made discoveries in the area. In 1984 BP's lack of interest in such a project was a key factor in the dropping of plans for a privately funded £1.5bn ($2.26bn) Central North Sea gas-gathering pipeline.

A larger version of the scheme costing £2.7bn was supported by Mr David Howell, Energy Secretary, at the time, in 1981. But this was abandoned because the Treasury opposed the 30 per cent contribution called for from British Gas.

The construction of a gas-gathering pipeline could be the key to the future development of the West Brae field, which is estimated to contain 300m barrels of condensate, a very light oil, and almost 1 trillion (million million) cibic feet of dry gas.

Marathon, the US oil company which operates the Brae complex, said yesterday: "We have been involved with BP in discussions concerning our joint interest for a future gas sales pipeline that will accommodate gas from several fields. These discussions are continuing."

With sharply lower crude prices, oil companies have focused increasingly on North Sea gas development. British Gas's contracts to buy North Sea gas are only about 50 per cent linked to the price of oil products, and the corporation is known to be keen to sign up new contracts to meet a perceived supply shortage in the mid-1990 s.

In Houston yesterday, Mr Alick Buchanan-Smith, the British Energy Minister, said: "The gas market in the UK has excellent prospects for oil companies. Our first generation of UK gas fields and our imports from Norway are now entering a phase of decline.

"Meanwhile, British demand for gas is growing. Gas demand in the residential market may get an extra boost if low oil prices stimulate additional economic growth. There is, therefore, the immediate prospect of substantial new market opportunities in the home market for North Sea gas."

Mr Buchanan-Smith said he looked forward to "a score or so of new offshore gas developments being approved over the next five to 10 years."

Other fields which could be linked into the system are T block, which has a significant quantity of Gas, Drake, and Marnock.

Other companies with undeveloped gas interests in the area include British Gas, Shell, Texaco and Agip, the Italian state oil company.

The problem is that many of the gas accumulations in the area are too small to justify dedicated pipelines and will only be economic if they can link up to an existing pipeline. Since fields in this area tend to contain large quantities of very light oil, their development costs need to be brought down.

BP's interest in a gas-gathering pipeline is partly linked to its changed plans for the developmeot of the Miller field which with 350m barrels, is the largest undeveloped oilfield in the North Sea.

Miller also contains about 350bn cubic feet of gas. Original plans to treat the gas, which contains impurities, on the platform, now appear too expensicve.

BP is considering plans under which the Miller gas would go direct into the new pipeline and then be treated at St. Fergus, in Scotland.

The proposed system would probably terminate at St. Fergus, where there are existing gas collection and purification facilities.

British Petroleum would relish the steady flow of income it would receive as a collector of tariffs on gas pumped through the system by other companies. But the other companies might want a share of the action themselves.

Botha asks for public recognition of S. Africa reforms

By Anthony Robinson in Johannesburg

PRESIDENT P.W. Botha of South Africa has sent a personal letter to each of the seven heads of state attending the Tokyo economic summit urging them to acknowledge publicly that significant reform is taking place in South Africa.

The letters are the latest development in delicate behind the scenes moves in co-operation with the Commonwealth Eminent Persons Group (EPG) to prepare the ground for a possible unbanning of the African National Congress (ANC) and the release of its jailed leader, Mr Nelson Mandela.

President Botha's missive produced a sharp retort from Mr Hans Dietrich Genscher, the West German Foreign Minister, who said that if South Africa wanted to earn global approval, it could start by releasing Mr Mandela.

Mr Botha's letter was said to have elicited some sympathy from the US delegation, but it was unlikely that a foreign ministerial statement to be issued today will devote much attention to what he wanted. Mr Shintaro Abe, the Japanese chairman of foreign ministerial discussions, said any statement on South Africa should be "short and balanced."

The EPG was set up after the Commonwealth summit in Nassau last October, and is due to report on their recent visit to South Africa at a special meeting of seven Commonwealth heads of government next month.

The first significant pointer towards a change in the Government's attitude towards negotiations with the ANC took place early in March, when two EPG members, Mr Malcolm Fraser, the former Australian Prime Minister, and General Olusegan Obasanjo, the former Nigerian Head of State, were given permission to visit Mr Mandela in Pollsmoor Jail.

Before leaving South Africa after their first fact-finding mission, the seven-man EPG delivered a message to Mr Chris Heunis, the Minister of Constitutional Development, and Mr Pik Botha, the Foreign Minister. It included a call for the release of Mr Mandela, legalisation of the ANC and further positive steps to end apartheid and start negotiations with the ANC and other black leaders.

In his reply to the EPG letter, Mr Pik Botha is understood to have expressed Government fears that the release of Mr Mandela could create major security problems.

The letter is understood to have included an undertaking that South Africa would not be faced by increased economic sanctions if it had to use force to restore order under these circumstances and also urged the EPG to seek some kind of undertaking from the ANC to renounce violence as a precondition for talks.

In his speech at the opening of parliament in January, President Botha offered to release Mr Mandela inside South Africa, provided the ANC renounced violence and agreed to abide by the law. Last week in parliament the President went further by drawing a distinction between the traditional nationalist wing of the ANC and those who were members of the South African Communist Party or the ANC military wing, Umkhonto We Sizwe ("Spear of the Nation").

He claimed that 63 per cent of the members of the ANC executive council elected at its congress in Kabwe, Zambia, last June were Communists, and added: "It is the duty of nationalist members of the ANC to sever themselves from the Marxists."

THE LEX COLUMN

Overshooting in Tokyo

Nobody who has watched the rout of the dollar is likely to dispute the success that G5 finance ministers are wont to claim for last September's Plaza agreement.

Timing is everything in currency intervention, so the fact that the dollar had already been falling since February detracts not at all from the effectiveness of the New York package. An extra push downhill was neatly pitched to cool protectionist fever in the US.

Given the rapidly expanding US trade deficit and the palpable overvaluation of the dollar, it was a reasonable bet that the currency markets could be persuaded to accelerate the process of returning the dollar to something like an equilibrium value.

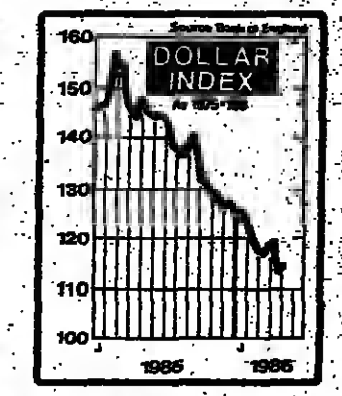
Everbody knows, however, that when market movements accelerate too fast they are apt to overshoot. Tokyo ought, from the Plaza meeting onwards, to have been pencilled in as the place where anti-dollar measures were to be replaced by a package of anti-overshooting policies.

It is difficult, none the less, to identify the point at which the targets have been overreached. No prizes for seeing that the surplus countries, Japan and West Germany, would start to drag their heels long before the deficit-plagued US was satisfied with the extent of its devaluation.

If a trade deficit ever does respond to worsening terms of trade, it is unlikely to have shown clear signs of doing so before overshooting is well established. As the dollar explores new depths against the yen, the Japanese trade surplus has diminished not one whit, but there have at least been signs of a marked decrease in exporters' overall margins.

Other members of the G5 may expect a continued rise in the yen to play its part in restoring the trade balances, despite the lower yen price of imported oil. Indeed, a steadily rising yen would surely do more to increase Japan's imports of western manufactures than any number of half-hearted government pro-import promotions in the Ginza.

But even before the summit, the circumstantial evidence pointed to a belief in Japan, as in West Germany, that the dollar had been sufficiently humbled. Whatever the form of the Tokyo communique, the protestations of Mr Stoltenberg and



Mr Takeshita this weekend leave no doubt that their further help in cheapening the dollar will be grudging at best. They are well aware that the dollar is already approaching an effective parity roughly comparable to that which balanced the US trade account in 1980.

What remains of the Plaza consensus may, however, be enough to prevent the dollar from becoming the currency of the month. If the mechanism of intervention is intact, the chances are that it will be increasingly used henceforth to damp down fluctuations around current parities. The last thing that anybody wants at present is to start another major movement in the opposite direction. But perhaps that is what the really determined currency players may now start to look out for.

City regulation

The City of London's dread of statutory regulation does not seem to be diminishing as the reality comes closer. Scrutiny of the regime that is being planned by Sir Kenneth Berrill and his draftsmen at the SIB has already convinced some of the investment community that if the London markets are going to be run by the SIB rules, life will be a great deal simpler – and more profitable – offshore. If they at all reflect the City's table-talk, the comments submitted to the SIB by last week's closing date may be on the peppery side.

Objections to individual rules are plentiful, and in some cases damaging enough for the SIB to have indicated that it is prepared to dilute the puritan rigour of its original proposals. Stockbrokers have legitimately complained about the need to secure annual signatures to the agreement letters under which they act for clients. And the protection required by sophisticated private investors is obviously not what the SIB designed with Aunt Agatha in mind.

But it is the conflict between the so-called best-execution rule and market practice that has given brokers the most trouble. This is not because they have hitherto engaged in systematically defrauding their clients.

The difficulty is that the SIB's published concept of best execution is so tight as to exclude the possibility of dealing at prices which include payment for services which have so far been subsidised out of the brokers' fixed-commission income.

It was always known that the Big Bang posed a threat to City research activity, by setting out to create a market in which net prices would be the norm and soft dollars the exception. A rule that forced funds to deal only with market makers would end the flow of soft commission by fiat. Even under the more lenient rule which the SIB is believed to be moving towards, the payment of commission to research houses would have to be disclosed to clients. It takes no imagination to see what the effect of this disclosure might be.

Detailed criticism of the code is one thing, and maybe not as sore a point in reality as it appears. Quite another is the spirit in which the regulators and the regulated are to interact in future. There is a serious mismatch between the legally inspired concepts which sustain the draft rules and the market nous on which the City has liked to run itself.

Even the focal idea of best execution is one which sends floor-traders into paroxysms of laughter, the conscientious checking of alternative prices is left behind as time and the market move on. "Do you want to deal or not?" is likely to be the operative question in the market. If the rules are to get a grip on the City, consent will as much to do with it as the legal backing. Beyond modification of detail, the SIB will have to persuade practitioners that it does not mean to enforce the rules so strictly as to gum up the works.

Banks' net plan aims to reduce foreign risks

By Alan Cane in London

A GROUP of 11 international banks plans to establish in London a new technology-based company to enable them to cut the costs and reduce the risks of foreign-exchange transactions.

The group includes Bank of America, Chemical Bank, Citibank, EBC Amro Bank, Lloyds Bank and Swiss Bank Corporation. Mr Peter Bartko, a vice president of Chemical Bank, is to manage the project. Barclays Bank was involved at an early stage but dropped out after realising its pattern of business did not match that of the chiefly US banks leading the scheme.

British bankers said this week that the new scheme might prove legally difficult in the UK with no established case law to fall back on in cases of bankruptcy. The new company, which is likely to be called FX Net Ltd, is expected to be incorporated by the end of June.

The idea behind the initiative is multilateral netting, a way of exchanging many gross payments in any one currency for a single net payment. Banks involved in foreign exchange dealing carry out many transactions in the same currency during the day, all with the same settlement date. Conventionally, each deal is handled separately, resulting in considerable duplication of effort.

It also means that banks have to pay out and take in large sums of money each day. Theoretically any or all of that money is "at risk" if the deals start going wrong. According to a study carried out by 23 leading banks in London, an average bank carries out 600 foreign exchange deals a day, with $7m as the average size of each deal.

Montedison expects to double profits in 1986

BY ALAN FRIEDMAN IN VENICE

MONTEDISON, the leading Italian chemical group, will more than double consolidated net profit this year to about L250bn ($167m), according to Mr Mario Schimberni, chairman of the Milan-based group.

Speaking at Montedison's annual meeting at the weekend, Mr Schimberni said the profit jump would be achieved on 1986 group turnover of around L15,000bn, which would be 6 per cent higher than last year.

The boldness of Mr Schimberni's forecast at the shareholders' meeting was exceeded only by the chairman's remarks during a televised interview when Mr Schimberni said that Montedison was considering a second L500bn rights issue this year, to follow the L551bn issue which was only approved on Saturday.

Already the Montedison group – enjoying the fruits of a restructuring and turnround – is planning to tap the Milan bourse and New York stock market for a total of nearly L2,000bn this year, by means of a series of share issue for itself and subsidiaries. The addition of a new L500bn Montedison issue would bring the total Mr Schimberni is hoping to raise in 1986 to close to $1.7bn.

The Montedison chairman, whose company only emerged from a decade of losses in 1985, also predicted that total group debt would fall to L3,000bn by year-end, a reduction from its present level of L5,000bn, twice shareholders' funds.

Mr Schimberni also said Montedison, which is Italy's second largest private sector group in terms of turnover, would seek stock market listings in Paris and Frankfurt. Montedison is already quoted in Brussels, Amsterdam and Geneva, as well as Milan.

The Montedison chairman, who crossed swords last summer with Mr Gianni Agnelli, Fiat chairman, when Montedison acquired the Bi-Invest financial and industrial group against the wishes of the corporate establishment, has clearly been striking a new pose in recent days, trying to show that he is in command of the group.

He has stressed the need for Italy to develop "the public company" model of American business where no single shareholder controls the company, as did Mr Agnelli's Gemina consortium in Montedison until it sold out last autumn.

Tokyo summit looks to more co-operation

Continued from Page 1

tors should be accompanied by an automatic trigger mechanism for policy responses.

Mr Baker, however, who has proved the driving force behind effort to strengthen co-operation, was more upbeat, suggesting that governments were now closer to a more formal system of managing the international monetary system.

The agreement to bring Italy and Canada into the process of consultation through the establishment of a Group of Seven alongside the G5 came after intense lobbying from the two Governments.

George Graham in London adds: The dollar slipped in the foreign exchange markets yesterday, giving up much of last week's gain as word filtered out of the Tokyo summit that most of the leading industrial nations still wanted to see the US currency appreciate further.

Trading was thin, with the Tokyo and London markets on holiday, and dealers were nervous in the absence of any clear signal from the summit.

The dollar lost most ground against the Japanese yen, falling as low as Y164.9 in European trading before recovering to Y165.3

French double act in Tokyo

Continued from Page 1

ers that Mr Mitterrand has already met separately. Those whom Mr Mitterrand has not already met, such as President Ronald Reagan, they are to meet together.

The two men, in fact, do not differ greatly on most of the Summit issues, making it easier for France to "speak with one voice through two mouths," as agreed in advance in Paris. Back home, the voters will be able to see on their TV screens that "co-habitation," which they seem to favour, works as well in Tokyo as in Paris – at least that is the idea.

As a final touch, Mr Mitterrand actually brought two Concordes with him, to allow Mr Chirac to ride home in the same style on his own aircraft. The two Concordes are to refuel in the Soviet Union, where the two VIPs plan to meet Soviet officials, making the point that the French double act can play to Eastern as well as Western audiences.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	R	16	61	Dubrovnik	S	20	68	Malta	S	21	70	Rhodes	S	22	72
Algiers	S	22	72	Edinburgh	S	10	50	Manchester	R	11	52	Rio de J'o	-	—	—
Amsterdam	F	16	64	Faro	C	17	63	Manila	-	—	—	Rome	-	—	—
Athens	F	19	66	Florence	S	23	73	Melbourne	S	14	57	Salzburg	S	26	79
Bahrain	-	—	—	Frankfurt	F	19	66	Mexico City	-	—	—	San Francisco	C	11	52
Bangkok	-	—	—	Funchal	C	19	66	Miami	T	22	72	Seoul	S	26	79
Barcelona	F	19	64	Geneva	S	20	68	Milan	C	16	61	Singapore	T	27	81
Beirut	-	—	—	Gibraltar	C	18	64	Montreal	C	9	48	Stockholm	S	21	70
Belfast	C	10	50	Glasgow	S	11	52	Moscow	C	5	41	Strasbourg	F	20	68
Belgrade	S	22	72	Guernsey	F	11	52	Munich	S	22	72	Sydney	S	16	61
Berlin	S	23	73	Helsinki	S	19	66	Nairobi	F	25	77	Taipei	F	19	66
Biarritz	F	15	59	H. Kong	F	27	81	Naples	F	20	68	Tangier	-	—	—
Bombay	S	35	95	Innsbruck	F	24	75	Nassau	-	—	—	Tel Aviv	S	23	73
Bordeaux	F	14	57	Inverness	R	11	52	New Delhi	S	36	97	Tenerife	F	22	72
Brussels	S	19	66	Islamabad	-	—	—	New York	C	13	55	Tokyo	S	17	61
Budapest	S	22	72	Istanbul	S	19	66	Nice	C	15	59	Toronto	F	16	61
B. Aires	-	—	—	Jakarta	-	—	—	Nicosia	-	—	—	Tunis	F	20	68
Cairo	S	28	82	Jersey	S	14	57	Oporto	F	13	55	Valencia	F	23	73
Cape Town	S	25	77	Jo'burg	C	14	57	Oslo	F	21	70	Venice	-	—	—
Caracas	-	—	—	Lima	-	—	—	Paris	C	13	55	Vienna	S	22	72
Casablanca	S	18	64	Lisbon	C	14	57	Peking	S	28	82	Warsaw	S	19	66
Chicago	F	15	59	London	S	10	50	Prague	S	24	75	Washington	-	—	—
Cologne	C	20	68	Los Angeles	F	13	55	Reykjavik	S	5	41	Zurich	C	16	61
Copenhagen	S	16	61	Luxembourg	F	18	64								
Corfu	R	18	64	Madrid	S	11	52								
Dallas	C	21	70	Majorca	S	20	68								
Dublin	F	10	50	Malaga	F	21	70								

Readings at mid-day yesterday:
C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Anti-terrorism code adopted

Continued from Page 1

sised that the declaration was meant to be politically, not legally, binding and did not violate any nation's legal system.

Mrs Thatcher fought particularly hard for the specific mention of extradition, in light of the UK's current efforts to persuade the US Senate to ratify a new Anglo-American treaty facilitating the extradition of Irish terrorists.

Mr Shultz said that while some other countries had not wanted to include economic sanctions in the statement, the US now expected the economic isolation of Libya to increase.

US officials made clear that American oil companies operating in Libya would soon be told to pull out even if it meant leaving their oil installations as a "windfall" for Col Gadaffi. Even this, they said, would be less of a benefit to him than the companies' continoed operations.

Terry Dodsworth in New York adds: Most of the assets of the US oil companies in Libya are concentrated in the government-controlled Oasis oil group, in which the Libyan authorities have a majority stake of almost 60 per cent.

The five main US corporations active in the country – Occidental, Amerada Hess, Grace Petroleum, Marathon the US Steel subsidiary, and Conoco, owned by Du Pont – are reckoned to account for around 75 per cent of the 1.1m barrels a day of oil produced in Libya.

SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Tuesday May 6 1986

Fate of Eurobond market looks finely balanced

ONE banker's summing up of the mood of the Eurobond market last Friday night was "hopeful not confident," writes **Clare Pearson in London.**

Holidays in Japan and Europe *during* the week, combined with low new issue volume, encouraged lazy trading, but there was hardly a relaxed undertone.

With the economic summit in Tokyo and this week's record US Treasury auctions looming, the fate of *the Eurobond market was looking* finely balanced.

The market has been helped by a slowdown in the pace of new issues, but there is still a large overhang of unsold paper left over *from last* month's issuing spree. Good demand is meanwhile reported in the floating-rate note sector. It has benefited from the doldrums into which fixed-rate bonds have fallen.

Dealers were relieved to find that those fixed-rate deals that did appear were chiefly for the currently more popular state-backed names, such as Farm Credit Corporation of Canada and SNCF. Substantial demand out of Japan for a new deal for Long-Term Credit Bank of Japan looked encouraging in *the light* of fears of Japanese reduction of *dollar* investments.

Many dealers hope that recent Japanese reluctance to take on dollar securities is mainly tactical and that Japanese buying in next *week's Treasury auctions will be* strong, especially if they can *achieve a yield* close to the target for institutional buyers of around 7½ per cent.

Others point out that a noticeably inconclusive Tokyo summit meeting *followed by another substantial* fall in tha value of the dollar *against the* yen could leave *this* week's Treasury auctions in a pretty pass. If the auctions go badly, dollar Eurobonds could plummet.

Demand for Eurobonds continues to be *extremely selective, so that* there is still a great deal of less than top-class paper unplaced. This leaves issues such as Mazda's recent offering trading at a margin of 1 per cent over Treasuries.

While dollar dealers held their hreath ahead of this week's revelations, sterling Eurobond dealers also found domestic considerations to *contemplate. The sterling* market remains underpinned by the differential between its interest rates and those available elsewhere but is attracting little demand at present. As gilt prices slid along with those in the US Treasury market at the end of the week, dealers developed forebodings about the impact of *today's money supply figures.*

EUROMARKET TURNOVER
Turnover ($m)

Primary Market	Straights	Conv	FRN	Other
US$	4,224.1	251.3	799.4	518.0
Prev	3,055.0	–	–	939.7
Other	2,879.0	–	131.5	47.7
Prev	3,209.9	–	42.4	229.5
Secondary Market				
US$	24,858.6	1,800.4	12,708.0	2,869.8
Prev	27,872.0	1,142.2	16,303.5	4,589.5
Other	14,447.0	197.8	2,115.1	3,797.0
Prev	14,350.9	284.9	1,880.0	3,814.1

	Cedel	Euroclear	Total
US$	13,782.7	33,904.9	47,687.6
Prev	16,603.2	37,291.7	53,894.9
Other	11,783.2	11,831.9	23,615.1
Prev	11,096.7	12,805.0	23,901.7

Week to May 1 1986 *Source AIBD*

The long-dated end of the market is likely to be particularly volatile if selling pressure grows, and this could further weaken the market *for long-dated bonds issued by* UK companies.

On Tuesday the abolition was announced of the ½ point stamp duty imposed on certain bulldogs and domestic loan stocks in the last budget. This duty created an incentive for UK institutions to buy bearer paper, and, since it coincided with a rally, *triggered a crop* of long-dated instruments of UK borrowers in the Euromarket.

But abolition of the stamp duty on domestic issues has undermined what many saw as a brave new market in UK corporate Eurobonds. *It happened to coincide with the* evaporation of overseas demand for sterling securities. Bankers noticed that after the announcement of its removal yield, margins over gilt-edged stock on domestic debentures narrowed slightly while those on long-dated sterling Eurobonds widened as business returned onshore.

The "Eurobond" nature of these deals was in practice always in doubt since overseas demand for *them dried* up almost immediately. Domestic demand has turned to disillusionment – not primarily because of their failure to carry sufficient security, as might have been thought, but because institutions have been distressed to see the vol*atility of their prices.*

If all outstanding issues, with the exception of ICI's, are trading at margins of at least 100 basis points over gilts, cheaper options may now be open to borrowers in the domestic market, though that again raises the *question of the financial cove*nants that investors in this market have demanded.

For the moment, however, bankers said it would be a brave issuing *house* and *one with a top-grade borrower* only, who would venture to launch a 20-year sterling Eurobond.

The continental sector of the Eurobond market took a break last week, with public holidays in many centres. However, price falls in Ger*man domestic bonds on the back of* a weak New York bond market *made life nervous for D-Mark* dealers left at work. So did the announcement of the record May new issue calendar. A widespread disbelief in the likelihood of a cut in German interest rates after the summit meeting deprives the market of any positive factors on which to focus at present.

Trading in Ecu Eurobonds, where many recent issues have been tightly priced, seems eveo more sluggish. *But at least current rates have* killed off swap opportunities for the time being, so new issue volume has diminished.

The French franc market was helped by the ¼ point cut in the Bank of France's intervention rate to 7½ per cent last Monday, and the market is bullish on interest rates *in the medium term. The new issue* of Compagnie Générale d'Electricite was trading within its fees at a discount to issue price of 1¼ on Friday.

Chrysler to expand Missouri production of mini-van line

BY TERRY DODSWORTH IN NEW YORK

CHRYSLER, the US motor group, is planning to spend $866m on its two plants in St Louis, Missouri, where it *is expanding output* of its highly successful mini-van line while starting production of a new medium-sized car.

The decision to go ahead with the investment was foreshadowed in Chrysler's first-quarter earnings report when the company said that its second-quarter results would be adversely *affected* by the *temporary* shutdown of the plants for refurbishment.

Chrysler stated some time ago that it wanted to increase production of the Dodge Caravan and Plymouth Voyager mini-vans, which *are currently* manufactured only at its Windsor plant in Ontario, Canada.

The Chrysler mini-van, a spacious passenger vehicle with a wheel-base no larger than that of a medium-size car, was the first of its type in the US market and has since been copied by both General *Motors and Ford.*

Conversion of the St Louis plant at Fenton will involve the transfer of the group's range of larger, rear-wheel-drive cars to a plant that has not yet been designated.

Chrysler is talking to American Motors (AMC), the small US manufacturer in which Renault of France *has a 46 per cent stake, about the* possibility of producing the larger *vehicles* under contract at AMC's facility in Kenosha, Wisconsin. But it stresses that this is only one of a number of options it is considering.

While $475m is going into facilities for the mini-van line, $391m is to be put into expansion and renovation of the other manufacturing unit at Fenton for the production of the new, intermediate-size Chrysler Lebaron.

Banks face fight for share of new sterling paper market

THE long-awaited sterling commercial paper market is under starter's orders. After intense preparations by the banking industry and lobby*ing by corporations anxious for* a new borrowing vehicle, the Government last Tuesday gave the go-ahead. But it will take two to three more weeks before the legislative changes are complete and business can begin, **writes Peter Montagnon, in *London.***

Already borrowers are jostling for position at the front of the queue to issue paper. PHH International, the British subsidiary of a US transport and *relocation* concern, and Hammerson, the UK property group, have both announced £100m programmes.

Jaguar has added a sterling option to its existing Eurocommercial paper programme. A sterling paper option is included in the £200m loan facility announced by Austin Röver on Friday, which is led by Barclays Bank. On the technical front First Chicago says it is ready to clear the paper once issuing actually starts.

Yet it would be rash to conclude that a new market bonanza is *round the corner. Almost* as much banking effort is currently going into public relations as into the technical sharpe of this, the newest City financial market.

The reason is that commercial paper looks like being a cut-throat market where profits will be meagre and banks will have to fight for a reasonable share of the busi*ness on offer.*

Few bankers would disagree that the development of a *sterling* commercial paper market will be of fundamental importance to British Financial markets in the longer term.

In the short run, however, volume is likely to grow only slowly and it will be a long time before many of the banks now hustling for business see much of a return on their investment.

There are several technical reasons why the market could be in for a *slow start,* not least one remaining legal obstacle that will only be removed when the Financial Services Bill is enacted later in the year.

This bill will incorporate a change to the Companies Act freeing issuers of commercial paper from the need to issue prospectuses. Until it is passed borrowers will have to use an offshore vehicle, and even that, in the view of some bankers, presents a number of *legal* uncertainties.

Meanwhile the embryo commercial paper market also faces stiff competition from existing dealing *in bankers' acceptances. These* offer a particularly cheap form of borrowing, thanks to the £15bn bill mountain piled up hy the Bank of England as a result of its over-funding in the gilt-edged market.

Bank of England demand for bills has depressed their yield and as long as this continues there will be limited attraction for corporate borrowers in commercial paper. It would almost certainly be more expensive than borrowing through the *acceptance market.*

Some bankers argue that there will be a direct correlation between the development of sterling commercial paper market and the Bank of England's willingness to unwind the bill mountain.

That and the strict restrictions on who can issue paper – borrowers must be listed on the London stock exchange and have net assets of at least £50m – means the authorities *have effectively retained tight con*trol over its development.

Yet the opportunity offered by the US commercial paper market, where outstandings now total about $300bn, is basically due to its overwhelming size. This is a high-volume, low-margin business, bankers say, and even *the huge New York* market is dominated by a handful of dealing houses.

London could never aspire to New York's volume. Even the rapid*ly growing euro-commercial* paper market, which is free of all restriction, still has actual outstandings of probably no more than $20bn.

Would-be participants in sterling will have to fight tooth and nail for a reasonable slice *of* what for the moment looks like a not very large cake. Once again US investment banks, with their existing expertise in placing short-term securities, are *pitting* themselves against British institutions.

The latter may have in-depth knowledge of the sterling markets, but some of them, particularly the clearing banks, also have a lot to lose. Their traditional corporate lending business is threatened by the *commercial* paper market, so they must also become part of that market to retain their customer base.

It looks like being a bloody fight, and in the end there will probably be very few real winners.

This week should see a flurry of activity from Spanish borrowers. Sevillana, the electric utility, on Friday announced a $117.5m, eight-year credit led by Chase Manhattan. This is a renegotiation of a deal arranged in *1983* and already renegotiated once last year. It will bear interest at a margin over Libor of ¼ per cent for the first four years rising to ⅜ per cent thereafter.

Swiss cement group boosts earnings 32.9%

BY WILLIAM DULLFORCE IN GENEVA

HOLDERBANK, the *Swiss group* which operates one of the world's three largest cement businesses, increased its net consolidated earnings by 32.9 per cent to SFr 167m ($91.8m) in 1985 with group sales climbing by 14.2 per cent to SFr 3.6bn.

The board of Holderbank Financière Glaris, the parent company, yesterday reported a 23 per cent rise in net profit to SFr 44m and proposed to pay shareholders an unchanged dividend of SFr 80 a bearer share and SFr 18 a registered share. Shares acquired under last year's rights issue will be entitled to half a dividend.

The company is now offering for the *first time bearer participation* certificates for public subscription. From May 5 to May 12 it is offering 420,000 certificates with a nominal value of SFr 50 at a price of SFr 490 each.

The issue, of which 330,000 are earmarked for the Swiss market and 90,000 for the West German market, has been underwritten by a *syndicate* led by Swiss Bank Corporation. The certificates will be eligible for a full *1986* dividend.

The board will *ask the next annu*al general meeting for authority to issue additional participation certificates up to 10 per cent of the share capital.

INTERNATIONAL CAPITAL MARKETS

US MONEY AND CREDIT

Treasury auction data sidelines investors

US BOND prices fell for the second consecutive week amid continued uncertainties about the impact of a stronger dollar, the upcoming Treasury auctions and the inflationary fallout from Chernobyl.

But, in contrast to the previous week, bond prices were not free-falling. Rather the mood of investors was one of "wait and see." An early attempt at a rally petered out as uncertainties, attributed in part to the Soviet nuclear disaster, sent US commodity and oil prices higher.

As the week wore on, investors rushed for the sidelines waiting for the outcome of the Toyko summit and the forthcoming $27bn record Treasury auctions scheduled to kick-off today.

In a surprise move the Treasury announced it was abandoning the 20-year bond auction to concentrate instead on $9bn each of three, 10 and 30-year securities to be sold on consecutive days beginning today.

The auction data set the markets' sombre mood, despite a rebound in the dollar helped by sizable central bank intervention and short covering ahead of the Tokyo summit. The dollar purchases by both Japan and West Germany were reflected in a $2.5bn increase in foreign investment commitments at the Federal Reserve.

At the same time the Fed was active in the open market to offset market jitters through substantial liquidity injections. As a result the Fed held the funds rate to an average of 6.88 per cent for the week compared to an average of 6.95 per cent for the two-week maintenance period.

The markets largely ignored US economic data, which continued to depict a mixed picture. Among the economic statistics released last week were figures that showed that factory orders and shipment dropped in March while the trade deficit grew. Single family home sales surged as mortgage rates dropped into single digits and the Index of Leading Economic Indicators posted a sturdy 0.5 per cent advance — fuelled however by transient factors mainly reflecting lower interest rates, money supply and higher stock prices.

Of more importance, Friday's employment data indicated that the second quarter began on the same weak note upon which the first quarter ended. While the overall civilian jobless rate fell by a tenth of a percentage point to 7.1 per cent, manufacturing employment fell by another 27,000 plus last month and the factory work-week dipped while average hourly earnings remained unchanged.

As Dr Henry Kaufman of Salomon Brothers notes, the negative economic data released last week "allayed fears in the bond market of a significant economic rebound soon." Nevertheless, Dr Kaufman adds that seasonal strains on the banking system will require the Fed to "supply a generous volume of reserves in coming weeks to hold the funds rate in the 6.75 per cent to 7 per cent range."

Just how willing the Fed is to rise to that challenge may well depend upon the outcome of the Tokyo summit. Significantly it appeared that the West Germans joined Japan last week in the view that the dollar had fallen far enough.

The fact that the dollar appears to have stabilised bodes well for the Treasury refunding and should help allay fears that foreign investors, particularly the Japanese, might shun the auctions. The back-up in yields over the past two weeks should also make the new issues more attractive.

Last week the Treasury long bond yield increased to 7.62 per cent from 7.57 per cent a week ago and a low of around 7.16 per cent just two weeks ago.

In contrast, most short-term interest rates fell marginally by between 5 and 10 basis points. The six-month Treasury bill rate ended the week at 6.13 per cent compared with 6.21 per cent a week earlier and a low of 5.78 per cent.

The issue of whether US interest rates have bottomed out is a lively debating point on Wall Street. The bulls, like Philip Braverman of Irving Securities, assert that the market outlook, despite the recent setback, still remains positive.

Mr Braverman's bottom line message is that, "The weight of evidence suggests the refunding will go well, followed by a renewed rally. Buy."

There is however no doubt that the events of the past two weeks have given the US credit markets the sort of shock treatment that brings them back to reality and mandates pause for thought.

Last week corporate bond prices fell again by between ¼ and ½ of a point while in the new issue market, rates were unchanged to 30 basis points lower as the onslaught of new issues continued.

According to Salomon Brothers' figures, April issuance totalled a record $28.1bn. Last week nearly $2.5bn in new corporate issues were brought to market — with mixed price performances.

Paul Taylor

US MONEY MARKET RATES (%)

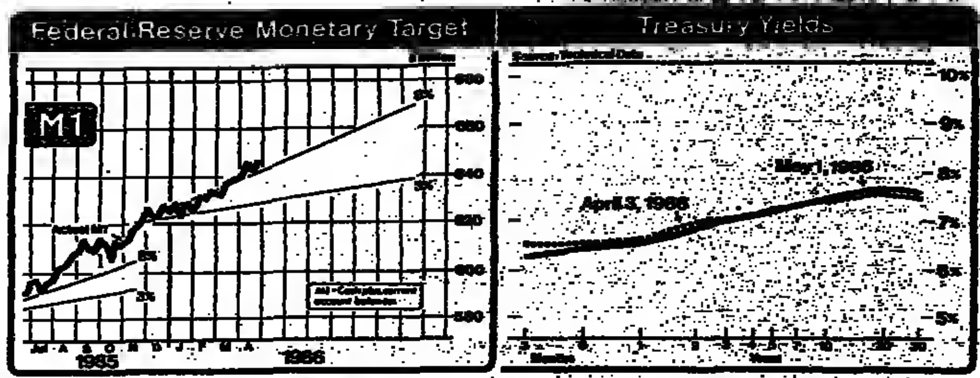
	Last Friday	1 week ago	4 wks ago	12-month High	12-month Low
Fed Funds (weekly average)	6.95	7.06	7.48	6.91	6.92
Three-month Treasury bills	6.11	6.15	8.33	7.80	5.78
Six-month Treasury bills	6.13	6.21	6.22	8.00	5.79
Three-month prime CDs	6.55	6.60	7.02	8.30	6.42
30-day Commercial Paper	6.70	6.65	7.19	8.20	6.38
90-day Commercial Paper	6.65	6.45	6.95	8.25	6.25

US BOND PRICES AND YIELDS (%)

	Last Friday	Change on week	Yield	1 week ago	4 wks ago
Seven-year Treasury	100¼	+ ⅛	7.36	7.46	7.34
20-year Treasury	116⅞	− ⅛	7.74	7.73	7.89
30-year Treasury	119⅞	− ⅛	7.62	7.57	7.55
New 10-year "A" Financial	N/A	—	6.75	8.75	8.50
New "AA" Long utility	N/A	—	9.10	0.13	8.88
New "AA" Long industrial	N/A	+ 1¼	8.89	8.00	8.75

Source: Salomon Bros (estimates).

Money Supply: In the week ended April 21 M1 rose by $4.2bn to $645.6bn.



UK GILTS

Fund managers weigh effects of CP market

GILT-EDGED fund managers are watching eagerly the implications for their own market of the creation of a market in sterling commercial paper (CP). If and when commercial paper takes off, its impact on the Bank of England's relationship with other financial markets, and on official funding policy, promises to be substantial.

The first effect would be on sterling M3, which would show an apparent decline if companies were to shift away from bank borrowings, and if their commercial paper found its way into the hands of investors outside the banking sector. It could also reduce bank deposits, as companies invested their cash balances in each other's commercial paper.

For some economists, such as Mr Roger Bootle of Lloyds Merchant Bank, last week's announcement sounds the death knell of sterling M3 as a monetary target. Others, like Mr Peter Fellner of broker James Capel, view it as just another obstacle put in the way of analysts trying to make sense of the Government's monetary policy.

Many brokers will do their own calculations of the effect of commercial paper transactions on sterling M3 numbers each month, and confidently expect that the Bank will eventually be goaded into publishing the figures it will be collecting about the new market.

The apparent reduction in sterling M3 could mean that the authorities would have more leeway to underfund the public sector borrowing requirement while remaining within its target range for money supply growth. This in turn might provide the opportunity for the Bank to reduce its massive holdings of commercial bills.

"The introduction of a new market in commercial paper and the reduction of the bill mountain are desirable in themselves," comments Mr Bootle. "By starting one they may have made the second both possible and necessary."

Underfunding in this way could, he feels, help the gilt-edged market to make progress by reducing net gilt sales.

Mr Stephen Lewis, chief economist at stockbroker Phillips & Drew, sees another possible effect which could again lead to a reduction in funding pressure on the gilts market. If commercial paper were to lead to the commercial bill market drying up, it would raise questions about the medium through which the Bank acts to relieve shortages in the money markets.

Mr Lewis suggests the Bank could rely more on Treasury bill purchases for smoothing operations, which would require an expansion of the Treasury bill market from its present narrow base. The resulting increase in Treasury bill sales could mean lighter sales of gilts.

The Treasury bill tender has been carefully kept alive for a rainy day with weekly offerings of £100m. Could it return to the levels sometimes seen in the 1970s, before controlling sterling M3 through gilt sales became a priority?

There are, meanwhile, more immediate worries about the money supply than those caused by the imminent diversion of part of sterling M3s counterparts. Today's provisional estimates of the monetary aggregates are generally expected in the City to be well outside the target range of 11 to 15 per cent annual growth announced six weeks ago in the Budget.

Phillips & Drew is almost alone in expecting sterling M3 to come in inside the target band. Although it projects bank lending of £1.8bn, it sees a negative public sector contribution, leading to growth of ½ per cent in the month, equivalent to 14½ per cent year on year.

L. Messel & Co. in contrast, sees growth of 3¼ to 3½ per cent in the April banking month. It projects bank lending at £3bn to £4bn, and sees a heavy central government borrowing requirement leading to a heavily positive public sector counterpart.

The median City forecast is for money supply growth of around 2 per cent in banking April, so the gilts market is unlikely to be shaken even if broad money growth is well outside the Government's proclaimed target zone. But eventually the market may run out of extenuating circumstances.

George Graham

FT/AIBD INTERNATIONAL BOND SERVICE

US DOLLAR STRAIGHTS	Issued	Price	Chg. on week	Yield
AHFC O/S Fin 11⅞ 94	100	108½	+0⅛	10.47
AIOC 11 89	75	108	−0⅛	7.63
Alcan Australia 8½ 89	25	98⅛	+0⅛	8.94
Amer Savings 12 88	125	105⅛	−0⅛	9.77
Amer Savings 12¾ 89	100	106⅞	−0⅛	9.76
Asian Dev Bk 11⅛ 93	100	117	+0½	8.57
Australia 11⅞ 90	100	114⅛	0	7.21
Australia 11½ 95	300	121⅛	+0⅛	[illegible]
Australia 11⅞ 89	100	125⅞	0	[illegible]
Austria 15½ 88	75	113⅜	0	[illegible]
Avon Fin 10⅛ 92	100	103½	−1⅛	[illegible]
Bk Nova Scotia 13⅞ 87	100	108½	−0⅛	[illegible]
Bank of Tokyo 12⅜ 02	100	115⅝	−0⅛	[illegible]
Bank of Tokyo 13⅜ 91	100	123⅛	0	[illegible]
Bank of Tokyo 13⅞ 89	100	117⅛	4	[illegible]
BMW O/S Fnts 10⅛ 91	50	105⅞	−0⅛	[illegible]
[illegible]				

	Issued	Price	Chg. on week	Yield
RBC 11⅛ 90	100	109⅛	+0⅛	8.26
Rural Bk Aust 12 91	50	110⅛	−1⅛	8.23
Sanwa Bank 11⅞ 92	150	114⅛	−0⅛	8.69
Saskatchewan 10⅛ 92	100	112⅛	+0⅛	7.92
Saskatchewan 10⅛ 90	125	110⅛	+0⅛	7.56
Saskatchewan 11⅞ 89	100	113	+0½	7.62
Saskatchewan 15 92	150	131⅞	+0⅛	8.31
Saskatchewan 16 89	125	120⅛	+0½	7.82
Scot Intl Fin 14⅞ 96	60	120	[illegible]	[illegible]
[illegible]				

	Issued	Price	Chg. on week	Prem.
Dev Bank Sing 6⅞ 98	70	77	+1	5.61
Elders 11⅞ 94	160	134⅛	−0⅛	−5.09
Elektrowatt 6 98	51	154½	−1⅛	−0.61
Fujitsu 8 98	100	127⅞	−1⅛	−2.71
Intec. Inc 3 99	50	179⅛	+6⅞	−0.21
Kyowa Hakko 6⅛ 97	40	320⅛	+24	0.24
LASMO 9⅛ 99	44	86	−0⅛	117.80
Moet-Hennessy 7 98	50	185	−1⅛	−89.27
Murata Mfg 3½ 00	100	165⅛	+1⅞	17.83
[illegible]				

	Issued	Price	Chg. on week	Yield
[illegible]				
Ontario Hydro 11⅞ 90	200	114	−0⅛	7.64
Ontario 12⅞ 94	250	120⅞	0	6.98
Pacific Gas & El 12 00	75	112⅛	−2⅞	10.28
Penney J C 11⅞ 90	100	108	+0⅛	10.19
Penney J C 12⅞ 91	100	112½	−1⅛	9.64
Phillips Petrol 14 89	200	102	+0⅛	13.19
Postipankki 11⅞ 90	75	106⅛	−0⅛	8.93
Post-Och Kred 13½ 87	50	100⅞	0	7.62
Postbanken 12½ 95	100	118⅞	−1⅛	0.25
Prudential Ins 12⅞ 87	150	107⅛	+0⅛	7.32
Pru Rlty Secs 0 99	385	36½	+0⅛	3.43
Pru Rlty Secs 11⅞ 82	386	107⅞	+0½	9.57
Pru Rlty Secs 12⅛ 95	545	117⅞	+1⅛	6.05
Quebec Prov 12⅞ 94	150	119⅞	−0⅛	9.10
Queensland Gvt 11⅞ 89	100	110⅞	+0⅛	7.87

	Issued	Price	Chg. on week	C.cpn
[illegible]				
Thailand ⅛ 05	60	98⅛	0	7⅛
Tokai Asia ⅛ 99	150	100⅛	0	8⅛
Toyo Trust Asia ⅛ 98	100	100⅛	0	8⅛
UBAF ⅛ 90	65	99⅛	0	6⅛
Union Bank-Norw ⅛ 96	50	99	0	8⅛
United Kingdom 92	2.5bn	100⅛	0	7⅛
Wells Fargo ⅛ 94	150	99⅛	0	7⅛
Wells Fargo ⅛ 96	60	99⅛	0	7⅛
Yorkshire Int ⅛ 94 £	75	100⅛	0	11⅛

CONVERTIBLE BONDS	Issued	Price	Chg. on week	Prem.
Ajinomoto 3 99	120	215⅛	+4½	0.07
Bost Denki 5⅞ 01	10	266⅛	−4½	−3.63
Canon 7 97	50	277⅛	+2	−3.35
Daiwa Secs 5½ 89	60	434	+2	−3.32

BOND WARRANTS	Expiry date	Price	Chg. on week	Ex. yield
[illegible]				
Tokyo Electric	14/3/89	32	−2⅛	9.58
Union Bk Switz A	30/11/89	24½	−1⅛	25.89
Aegon Ins 11⅞ 01	15/2/88	101⅛	−4⅞	8.67
Coca-Cola 11⅞ 81	28/11/88	126	−3⅛	8.42
Dai-Ichi K 6⅞ 96 S	1/1/86	24⅛	0	0.15
Du Pont 13⅞ 89	25/8/86	127½	−8⅛	0.62
Eksportfinas 13⅛ 89	15/9/87	137½	+2½	0.36
Gen Elec 12⅞ 91	7/8/87	118⅞	−2⅞	9.74
Ind Bk Jpn 12⅞ 01	5/10/89	170	−5⅞	8.77
ITT Finance Corp	15/11/89	167	−1⅛	9.11
McDonlds 11⅞ 94	8/1/89	111½	−1⅛	8.93
Ossler Lnbh 13⅞ 89	9/8/87	127½	−0⅛	8.60
Tosoco Cap 12⅞ 92	1/9/87	85	+3½	−3.34
Tinto Dom 12⅞ 81	5/4/88	158⅛	−3⅛	8.73

STRAIGHT BONDS: Yield to redemption of the mid-price. Amount issued is expressed in millions of currency units except for yen bonds, where it is in billions.

FLOATING RATE NOTES: US dollars unless indicated. Margin above six-month offered rate († three-month; § above mean rate) for US dollars. C.cpn=current coupon.

CONVERTIBLE BONDS: US dollars unless indicated. Prem=percentage premium of the current effective price of buying shares via the bond over the most recent share price.

WARRANTS: Equity warrant prem=exercise premium over current share price. Bond warrant ex yld=exercise yield at current warrant price.

† Perpetual.

Closing prices on May 2.

All of these Securities have been sold. This announcement appears as a matter of record only.

Dart & Kraft Financial Corporation

U.S. $100,000,000 10¼% Series A Notes Due 1996
and 100,000 Warrants to Purchase
U.S. $100,000,000 10¼% Series B Notes Due 1996

MORGAN STANLEY INTERNATIONAL — KLEINWORT, BENSON Limited

BANK FÜR GEMEINWIRTSCHAFT Aktiengesellschaft — BANKAMERICA CAPITAL MARKETS GROUP
BANK OF TOKYO INTERNATIONAL Limited — BANQUE BRUXELLES LAMBERT S.A.
BAYERISCHE VEREINSBANK Aktiengesellschaft — COMMERZBANK Aktiengesellschaft — COUNTY BANK Limited — CREDIT LYONNAIS
DEUTSCHE BANK CAPITAL MARKETS Limited — GENERALE BANK
GOLDMAN SACHS INTERNATIONAL CORP. — KREDIETBANK INTERNATIONAL GROUP
LTCB INTERNATIONAL Limited — MANUFACTURERS HANOVER Limited — MORGAN GUARANTY LTD
NOMURA INTERNATIONAL Limited — SALOMON BROTHERS INTERNATIONAL Limited
SHEARSON LEHMAN BROTHERS INTERNATIONAL — UNION BANK OF SWITZERLAND (SECURITIES) Limited

April, 1986

All of these Securities have been sold. This announcement appears as a matter of record only.

U.S. $200,000,000
General Motors Acceptance Corporation

9¾% Notes Due 1993

MORGAN STANLEY INTERNATIONAL

MERRILL LYNCH CAPITAL MARKETS — NOMURA INTERNATIONAL Limited
SALOMON BROTHERS INTERNATIONAL Limited — UNION BANK OF SWITZERLAND (SECURITIES) Limited

ALGEMENE BANK NEDERLAND N.V. — BANKAMERICA CAPITAL MARKETS GROUP
BANK OF TOKYO INTERNATIONAL Limited — BANKERS TRUST INTERNATIONAL Limited
BANQUE BRUXELLES LAMBERT S.A. — BANQUE GENERALE DU LUXEMBOURG S.A.
BANQUE NATIONALE DE PARIS — CREDIT LYONNAIS
GENOSSENSCHAFTLICHE ZENTRALBANK AG Vienna — IBJ INTERNATIONAL Limited
KIDDER, PEABODY INTERNATIONAL Limited — KLEINWORT, BENSON Limited — LLOYDS MERCHANT BANK Limited
SAMUEL MONTAGU & CO. Limited — NIPPON CREDIT INTERNATIONAL (HK) LTD.
NORDDEUTSCHE LANDESBANK Girozentrale — SOCIETE GENERALE — SUMITOMO TRUST INTERNATIONAL Limited
BANK FÜR GEMEINWIRTSCHAFT Aktiengesellschaft — BANK LEU INTERNATIONAL LTD
COMPAGNIE DE BANQUE ET D'INVESTISSEMENTS — CREDIT COMMERCIAL DE FRANCE
GREAT PACIFIC CAPITAL — GRINDLAY BRANDTS Limited — HENTSCH ET CIE
KYOWA BANK NEDERLAND N.V. — LTCB INTERNATIONAL Limited — MANUFACTURERS HANOVER Limited
STANDARD CHARTERED MERCHANT BANK — SWISS VOLKSBANK

April, 1986

All of these Securities have been sold. This announcement appears as a matter of record only.

McDonald's Corporation

U.S. $100,000,000 10% Series A Notes Due 1993
and 100,000 Warrants to subscribe for
U.S. $100,000,000 10% Series B Notes Due 1993

MORGAN STANLEY INTERNATIONAL

DAIWA EUROPE LIMITED — MERRILL LYNCH CAPITAL MARKETS
PAINEWEBBER INTERNATIONAL — SALOMON BROTHERS INTERNATIONAL Limited
BANKAMERICA CAPITAL MARKETS GROUP — BANKERS TRUST INTERNATIONAL Limited
BARCLAYS MERCHANT BANK Limited — BAYERISCHE VEREINSBANK Aktiengesellschaft — CREDIT LYONNAIS
CREDIT SUISSE FIRST BOSTON Limited — DEUTSCHE BANK CAPITAL MARKETS Limited
DRESDNER BANK Aktiengesellschaft — FIRST CHICAGO Limited
GENOSSENSCHAFTLICHE ZENTRALBANK AG Vienna — IBJ INTERNATIONAL Limited
KLEINWORT, BENSON Limited — NOMURA INTERNATIONAL Limited — SOCIETE GENERALE
SUMITOMO TRUST INTERNATIONAL Limited — UNION BANK OF SWITZERLAND (SECURITIES) Limited

April, 1986

All of these Securities have been sold. This announcement appears as a matter of record only.

The Procter & Gamble Company

U.S. $150,000,000 9⅞% Series A Notes Due 1992
and 150,000 Warrants to Subscribe for
U.S. $150,000,000 9⅞% Series B Notes Due 1992

MORGAN STANLEY INTERNATIONAL — GOLDMAN SACHS INTERNATIONAL CORP.
MORGAN GUARANTY LTD — SALOMON BROTHERS INTERNATIONAL Limited

BANQUE NATIONALE DE PARIS — BARCLAYS MERCHANT BANK Limited — BARING BROTHERS & CO., Limited
BERLINER HANDELS- UND FRANKFURTER BANK — CITICORP INVESTMENT BANK Limited
COMMERZBANK Aktiengesellschaft — DAI-ICHI KANGYO INTERNATIONAL Limited — DAIWA EUROPE Limited
DEUTSCHE BANK CAPITAL MARKETS Limited — EBC AMRO BANK Limited — IBJ INTERNATIONAL Limited
KREDIETBANK INTERNATIONAL GROUP — SAMUEL MONTAGU & CO. Limited
THE NIKKO SECURITIES CO., (EUROPE) LTD. — NOMURA INTERNATIONAL Limited — ORION ROYAL BANK Limited
SMITH BARNEY, HARRIS UPHAM & CO. Incorporated — TORONTO DOMINION INTERNATIONAL Limited
UNION BANK OF SWITZERLAND (SECURITIES) Limited — YAMAICHI INTERNATIONAL (EUROPE) Limited

April, 1986

Texaco sued by Getty Museum

By William Hall in Houston

TEXACO, the US oil group which is facing a potentially crippling $11.1bn damages award arising from its takeover of Getty Oil, is trying to break its unusual agreement to indemnify a large Getty shareholder against legal action arising from the bitter 1984 takeover battle.

The J. Paul Getty Museum, whose decision to sell its shares to Texaco rather than accept an earlier offer from Pennzoil was critical to Texaco's victory, has sued Texaco in a California court, because the oil company is trying to repudiate its agreement to indemnify the museum against legal action.

The museum says that Texaco's bid to repudiate the indemnification agreement is part of a "desperate effort to shift liability for the Pennzoil judgment from Texaco to others and fend off claims by Texaco shareholders." It also notes that Texaco has stopped paying its ongoing legal expenses.

Lawyers for the museum, which owned 11.8 per cent of the oil empire created by the late John Paul Getty, had insisted on the indemnification agreement before selling the shares to Texaco.

The museum's action tipped the balance in the battle and enabled Texaco to snatch Getty away from Pennzoil, a much smaller Houston oil company. However, Pennzoil responded by launching a fierce legal battle and late last year won an important victory when a Texas court ruled that Texaco had improperly interfered with Pennzoil's earlier agreement to acquire Getty.

Pennzoil has argued all along that Texaco and Getty both knew that they were breaking a formal agreement with Pennzoil by agreeing to Texaco's higher bid. Many observers have argued that the existence of the indemnities weakens Texaco's case, because they indicated that the company knew it was breaking the formal agreement and would be vulnerable to legal action.

Unless it can overturn the Texas court ruling, Texaco will be forced to pay the $11.1bn in damages and many people argue that this could force the company to file for bankruptcy protection.

Cathay shares will go to one third of applicants

BY DAVID DODWELL IN HONG KONG

MORE THAN one-third of the would-be investors in Cathay Pacific Airways, Hong Kong's unofficial flag-carrier, are to be allotted shares in the biggest corporate flotation ever mounted in the territory.

The HK$1.54bn (US$197.7m) public offering—which amounts to 15 per cent of Cathay's issued shares — was oversubscribed almost 33 times when it closed on Tuesday last week, attracting subscriptions worth HK$51bn.

It was clear at that stage that many prospective investors would be disappointed. Chances of success were reduced by preferential allotment to a group of institutions, and to Cathay staff, which left the public bidding for less than half of the shares officially on offer.

However, a complex combination of balloting and diluted allotment has guaranteed that almost 73,000 out of 190,000 applicants will get shares—many more than was expected by market operators.

Cathay Pacific shares were being quoted in the unofficial "grey market" in Hong Kong yesterday at HK$5.40 a share—reflecting a 40 per cent premium on the floatation price of HK$3.88 per share.

If this price prevails when official trading begins on May 15, then those successful in the allotment can be be certain of a substantial profit if they choose to sell shares immediately.

Bidders for up to 29,000 shares must all enter a ballot, with chances of success in the ballot improving as the quantity of shares bid for rises. Successful bidders will get 1,000 shares apiece.

Those bidding for 30,000 to 100,000 are guaranteed 1,000 shares, but must enter a ballot for the chance to get a further 1,000 shares.

Bids for larger numbers of shares are to be dealt with similarly. For example, bidders for 500,000 shares are sure of 8,000, and those bidding for 1m shares are sure of 15,000. Those bidding for more shares will be allotted 1.4 per cent of the total subscribed for.

First Boston agrees to pay Cigna deal penalty

BY OUR NEW YORK STAFF

FIRST BOSTON, the US investment bank and securities trading company, has agreed to pay a substantial penalty as part of a settlement of an insider trading case brought by the Securities and Exchange Commission.

The SEC, watchdog for the US securities industry, alleged in a lawsuit brought in the Federal Court in Manhattan that First Boston changed its investment holding in Cigna, the large US insurance group, after it learned that Cigna would significantly enlarge its loan loss reserves.

First Boston settled the charges without admitting or denying that it had violated the US securities laws by trading on "material, non-public" information. As part of the deal with the SEC, the company agreed to give up about $132,000 in alleged profits from the Cigna transaction, and accepted a civil penalty of about $264,000 under the Insider Trading Sanctions Act.

The formula "without admitting or denying" is regularly used in settlements of actions brought by the SEC, mainly because it allows the government agency to avoid the costly process of litigation while recovering profits alleged to have been made by insider trading.

The second element of the settlement with First Boston involved a court injunction barring the group from any securities law violation in future.

National Steel trims losses

By Our Financial Staff

NATIONAL STEEL, the major US integrated steel producer jointly owned by National Intergroup of the US and Nippon Kokan of Japan, has reported a slightly lower first quarter loss of $39.4m, against $39.8m a year earlier.

Sales fell from $514m to $472.5m, while shipments declined by 5.4 per cent to 1.06m tons.

The company said steel prices showed modest improvement in the first quarter, but remained significantly below the year-ago level. However it expects second quarter results to be better, reflecting increased shipments, improved cost savings and productivity gains.

Results from National Intergroup itself are expected this week.

Lafarge details National Gypsum stake

BY DAVID MARSH IN PARIS

LAFARGE COPPEE, the French cement group, is taking a 36.5 per cent stake in the holding company which now owns National Gypsum, the second largest producer of plasterboard in the US.

The stake, worth $32.9m, is at the upper end of the expected range of Lafarge's shareholding in the company, Aancor Holdings, which owns 100 per cent of National Gypsum following a leveraged management buyout.

Although Lafarge will not have management responsibility for the US company, the move will build up considerably links between the two groups already cemented over 20 years of co-operation. National Gypsum is to take a 4 per cent stake in Lafarge under an agreement announced last summer

● ALCATEL, the electronics unit of France's state-owned Compagnie Generale d'Electricite, yesterday announced a 29 per cent rise in consolidated net income last year to FFr 194m ($27.5m) from FFr 150.8m in 1984, AP-DJ reports.

The earnings gain reflected a 50 per cent rise in consolidated revenue to FFr 21.75bn from FFr 14.46bn a year earlier.

Following the rise in profits, Alcatel said it would boost its annual dividend to FFr 70 a share from FFr 65 in 1985.

Hong Kong questioning after US arrests

SEVERAL people are being questioned in Hong Kong in connection with the arrest in the US of two Hong Kong businessmen on charges of trying to defraud the Overseas Trust Bank, the Hong Kong Government announced, AP-DJ reports.

The Government declined to identify those being questioned nor say how many people were involved. It said they were being questioned after raids on premises in Hong Kong that followed the arrests in Los Angeles on Friday of Mr Simon Chung Ling Yip, 59, in San Francisco and Mr Hoang Tiong Chan, 62.

Western Union sale

CONTEL, the US telephone holding company formerly known as Continental Telecom, has bought Western Western Union's Government Systems Division for $155m, including the price for transmission, maintenance and administrative services to be provided to it by Western Union, Reuter reports.

The unit had 1985 revenues of more than $120m and provides communications and information handling systems to the Federal Government.

Blair rejects offer

THE BOARD of John Blair, the big US media and advertising services group, has rejected as inadequate an offer by MacFadden Holdings for all its shares. The company's stock market valuation before the bid was $210m, our Financial Staff writes.

Blair directed its financial advisers, Salomon Brothers and Drexel Burnham Lambert, to advise on steps it may take to "maximise value for shareholders and explore alternatives."

Coleco purchase

COLECO INDUSTRIES, the US toys and games group, has signed a definitive agreement to acquire Selchow & Righter, a privately-held Long Island company best known for the marketing of games such as Trivial Pursuit, Scrabble and Parcheesi. The price is $75m in cash and notes, AP-DJ reports.

NEW INTERNATIONAL BOND ISSUES

Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	Book Runner	Offer yield %
U.S. DOLLARS							
Pegasus Gold (d)§‡	25	1993	7	7½	100	Gutzwiller, Pru-Bache	7.500
Sumitomo Realty & Dev. ¶‡	100	1991	5	2⅝	100	Daiwa Europe	2.625
Sekisui Chemical ¶‡	90	1991	5	2¾	100	Yamaichi Int. (Eur)	2.750
Nippon Synthetic Chem. ¶‡	40	1991	5	2⅞	100	Yamaichi Int. (Eur)	2.875
Nichimen Corp. ¶‡	50	1991	5	2¾	100	Daiwa Europe	2.750
SNCF ‡	150	1996	10	7⅝	101⅞	Banque Paribas	7.585
B. della Sviz. Italiana ¶‡	25	1993	7	4	100½	UBS (Secs)	3.917
State Bank of NSW (a)‡	100	1993	7	7⅛	100.9	Daiwa Secs.	6.958
Farm Cr. Corp (Canada) ‡	100	1996	10	7¾	101½	Morgan Guaranty	7.531
Daiwa Secs. ¶	80	1991	5	(2¾)	(100)	Daiwa Europe	
Daiwa Secs. ¶	40	1991	5	(2¾)	(100)	Daiwa Singapore	
New Brunswick Elec. Pwr ‡	55	1994	8	7¾	100¾	UBS (Secs)	7.621
Japan Finance Corp. ‡	120	1996	10	7⅝	101⅝	Bank of Tokyo Int.	7.389
Italy ‡	100	1989	3	10	100⅝	Nomura Int.	9.850
Sumitomo Corp. ‡	50	1989	3	10	100⅝	Nomura Int.	9.850
General Electric ‡	300	1991	5	7⅛	100½	Daiwa Europe	7.003
Bk für Gemeinwirtschaft (c)†‡	200	1996	10	5bp	100	Nikko Secs. (Europe)	
Eksportfinans (Norway) ϕ‡	100	1993	7	7⅝	100⅝	UBS (Secs)	7.305
LTCB of Japan ‡	100	1993	7	7¾	101	Morgan Guaranty	7.561
Sth Carolina Nat. Corp. §‡	35	2001	15	6½	100	Fox-Pitt Kelton	6.500
Brunsgold Australia (d)§‡	10	1994	8	4½	100	Bqe Gutzwiller, K.B.	4.500
Credit du Nord ‡	100	1994	8	8	101	Banque Paribas	7.827
Credit Lyonnais (e)‡	100	1993	7	8½	101¼	Daiwa Europe	8.258
NEW ZEALAND DOLLARS							
Tourist Hotel Corp. ‡	100	1993	7	0	33½	Hill Samuel	16.910
D-MARKS							
Deutsche Bank ‡	750	1996	10	5⅝	100	Deutsche Bank	5.625
Ireland ‡	300	1996	10	5¾	99½	Commerzbank	5.817
Austria ‡	2bn	2016	30	0	19¼	Deutsche Bank	5.646
SWISS FRANCS							
First City Trust	100 max	1996	—	(6)	*	Soditic	
Sumitomo Rubber Ind. **‡	50	1991	—	4¾	100	Credit Suisse	4.750
Sumitomo Realty & Dev. **§‡	500	1991	—	⅞	100	Credit Suisse	0.875
Tokai Gas Co. **¶	50	1991	—	(1¼)	*	Swiss Volksbank	
Sokkisha Co. **¶	20	1991	—	(1¼)	*	B. della Sviz. Italiana	
Austrian Airlines ‡	150	Perp.	—	5¾	100	Wirtschafts- und Privatbk	5.750
Olivetti Int. (Lux)	150	2046	—	(6⅝)	(100)	Soditic	
STERLING							
Cyanamid Holdings ‡	30	1991	5	9	100	Morgan Grenfell	9.000
McDonald's Corp. ‡	100	1996	10	0	44¾	Morgan Guaranty	8.373
Wates (b) ϕ‡	25	1993	7	9½	99½	Morgan Grenfell	9.601
American Brands ‡	50	1998	12	9¼	100	Morgan Grenfell	9.250
GUILDERS							
Asian Dev. Bank ‡	200	1996	10	6¼	99½	ABN	6.318
FRENCH FRANCS							
Generale d'Electricité ‡	1bn	1993	7	7⅞	100	CCF	7.875
LUXEMBOURG FRANCS							
Mgn Guaranty Trust **‡	300	1991	5	7	100¾	BGL	6.818

*Not yet priced. ‡ Final terms. ** Private placement. § Convertible. † Floating rate note. ¶ With equity warrants. ϕ With bond warrants. 8 Currency-linked. (a) Launched on Japanese domestic market. (b) Partly-paid. (c) 5bp over 6m Libor. (d) Gold-linked. (e) First interest payment 1991, then annually. Note: Yields are calculated on AIBD basis.

مكتبة من الأصل

INTERNATIONAL COMPANIES

Burns, Philp raises yeast interests with US deals

BY LACHLAN DRUMMOND IN SYDNEY

BURNS, PHILP, the Australian food retailing and trading group, has consolidated its position among the top five world yeast producers, with the A$178m (US$131m) purchase of the North American yeast and vinegar operations of RJR Nabisco of the US.

The acquisition will add around A$140m to the Australian group's A$1.3bn of annual sales, some A$200m of which is drawn from its yeast and food additives business. The total world yeast market is estimated at around A$1bn with Anheuser-Busch and Universal Foods of the US, Gist-Brocades of the Netherlands and Le Saffre of France heading the market.

In a related move Burns, Philp said it had also bought the remaining 50 per cent of the North Carolina-based Dixie Yeast Company taking its total spending to almost A$200m.

Dixie was Burns' Philp's first entry into the US and since its 1984 purchase it has moved to double the size of the North Carolina operations.

Burns' Philp first established a yeast plant offshore in 1975 when it set up in Malaysia, and has since expanded to Indonesia, Britain and Ireland and currently is building a plant in China.

More than 75 per cent of Fleischmann's revenues are drawn from its yeast products. It has two yeast and nine vinegar plants in the US and two yeast plants in Canada. RJR Nabisco was formed by last year's merger of R J Reynolds and Nabisco Brands.

● Mr Ron Brierley's Industrial Equity group has been allowed to maintain its 41.5 per cent stake in Australian Gas Light, the Sydney gas utility, but has agreed to voting restrictions and extended government powers of intervention as the price for a compromise.

The holding will also have to be transferred to IEL's 70 per cent-owned Australian Oil and Gas offshoot, which will be limited to one board seat and only 5 per cent of the vote.

IEL grabbed its holding in AGL just before a state law limiting ownership to 5 per cent came into effect on January 1. This superseded a company by-law limiting ownership to 2 per cent.

Under the agreement the New South Wales state Government will itself gain voting rights over 5 per cent of AGL shares held by AOG. AOG will have no representation on the board of the separate utility subsidiary of the AGL holding company, which has significant property and oil investments.

KLSE brokers lifeboat agreed

BY WONG SULONG IN KUALA LUMPUR

THE KUALA LUMPUR Stock Exchange (KLSE) has finally obtained members' approval for a 50m ringgit (US$20m) financial lifeboat fund for stockbrokers unable to meet their forward share purchase contracts and other share obligations.

At the EGM here over the weekend, more than 81 per cent voted for the scheme, which requires a 75 per cent vote for its implementation.

Three major local banks, Malayan Banking, Bank Bumiputra, and United Malayan Banking Corporation, will provide the 50m ringgit.

To get round strong opposition from some of its members, the KLSE had to scale down the size and terms of the lifeboat. Originally, a 180m ringgit fund was thought necessary, but this has been progressively scaled down as brokers unwound many of the forward contracts among themselves.

The KLSE said that currently, its members have only 3.6m ringgit in unsettled forward contracts, but this amount is only for deals between Malaysian brokers, and does not include forward contracts with Singapore brokers, which are believed to be much higher.

About five of the 51 KLSE broking firms are known to have trouble with forward contracts, which came to light last November following the collapse of Pan-Electric Industries, the Singapore marine salvage, property and hotel group.

One major broker, Razak and Ramli, has been suspended from trading, while two other firms have been placed under KLSE management.

Mr Nik Mohamed Din, the KLSE chairman, said the existence of the lifeboat fund would restore investors' confidence in the local stockbroking industry.

Foreign banks to issue Euroyen bonds in Japan

BY YOKO SHIBATA IN TOKYO

JAPAN's Ministry of Finance has finally decided to allow foreign commercial banks to issue Euroyen bonds from June 1, widening access by foreign banks with branches in Japan to yen funding.

Several foreign banks currently sounding out the ministry, including Barclays Bank of the UK, Union Bank of Switzerland and Bankers Trust and Citicorp of the US, are likely to float Euroyen bonds that day.

Because of the rigid separation in Japan between long-term and short-term banking, only official long-term credit banks have been allowed to raise long-term debt capital. Japanese "city" commercial banks are funded by short-term capital such as call money, bill discount, and certificates of deposit, and are not allowed to issue long-term bonds.

Even though the three Japanese long-term credit banks still vehemently oppose the idea, the ministry has decided to let foreign banks break new ground, preventing another potential dispute with foreign countries over access to Japanese financial markets.

San Miguel lifts earnings

SAN MIGUEL, the Philippines' largest food company, has reported turnover of 10.9bn pesos ($545m) and net profits of 448.8m pesos for 1985, Samuel Senoren reports from Manila.

Mr Andres Soriano, the chairmen, said that in each case this represented a rise of about 6 per cent in spite of generally weak consumer demand and high operating costs last year.

Mr Soriano's group is buying back control of San Miguel from Mr Eduardo Cojuangco, who had an 18 per cent interest in the company worth $23m. This has been seized by the government on suspicion that it was part of the assets of former President Ferdinand Marcos.

Mr Soriano is paying $165m by July for a 33 per cent stake in San Miguel which was held previously by a coconut industry fund that was also managed by Mr Cojuangco.

Former bank chief allowed to leave UAE

By Kathleen Evans

THE FORMER general manager of the UAE-based Bank of the Arab Coast, Mr Len Forsythe, has been allowed to leave the Emirates and all legal proceedings against him have been terminated.

Mr Forsythe, a British citizen, has been unable to leave for more than a year, and has spent various periods in detention. The release order was signed by Sheikh Mohammed bin Rashid al Maktoum, son of the Dubai ruler.

The Ras al Khaimah registered institution is currently in difficulties, and has not published a balance sheet for the past two years. Negotiations are underway with the Ajman-based First Gulf Bank about a possible takeover, with no result so far. The country's central bank is not required by its constitution to act as lender of last resort, and the local emirate government of Ras al Khaimah has been reluctant to bail out the bank.

Mr Forsythe was accused of irregularities in his dealing as manager of the bank, which is now directed by a former Citibank official, Mr Henri Derkx. The bank's doors continue to remain open

Appointments

Company Notices

UK COMPANY NEWS

USM float puts £29m valuation on Monotype

BY RICHARD TOMKINS

Monotype, the printing equipment company to be floated on the USM publishes the prospectus for its offer for sale. Some 7.5m shares—41 per cent of the company—are to be sold at 157p each, valuing the whole company at £28.7m.

The company has been in business since 1897 making typesetting equipment for the print industry. However, it floundered in the 1970s because of its ageing product range and lack of capital, and went through two recommendations before emerging in its present form in 1983.

Its main product is Lasercomp, the trade name for a series of advanced laser-based phototypesetting machines. These are used in the modern-day production of newspapers, magazines, and books.

Monotype is coming to the USM instead of the main market because its unqualified accounts go back only three years. Pre-tax profits have grown from £1.3m in 1983 to £2.5m last year, on turnover up from £17.9m to £28.7m.

There is no profits forecast, but on an historic bases the p/e multiple is 11.5 on an actual tax charge of 18 per cent.

Monotype is unusual in that none of its directors are shareholders. As a result of the reconstructions, all the shares are owned by institutions, 15 of which will be realising all or part of their investments through the flotation.

The offer will raise £11.8m, of which £4.6m will be new money for the company. This will be used to cut borrowings, provide working capital for expansion (particularly in the US), and develop new products.

● comment

Monotype's metamorphosis from an old tech company to a high tech one is a refreshing industrial success story but has not been without pain and disruption. With the reconstructions now well behind it, however, the group has seen three years of stability and profits growth, and the expanding market for advanced phototypesetting equipment — particularly overseas—suggests that the trend could continue. On the downside, the group looks heavily exposed to a single product range and therefore to the dangers of being outpaced technologically, but it believes it has the research strengths to keep it among the market leaders. This must be taken on trust, but Monotype is not demanding a high price for credibility: with at least £3.25m likely for the current year the prospective p/e ratio is well under 11, and a warm response looks likely provided the market is blowing a favourable wind.

Plessey may expand in US

Plessey, the electronics group, is believed to have identified DSC Communications Corporation, a US telecommunications group, as a possible acquisition candidate to help it defeat a £1.2bn takeover bid from GEC.

Plessey described a weekend press report that it was considering a bid for DSC as "speculation." However, soon after the GEC bid was announced last December, Plessey signed up First Boston, the US investment bank, to help in its defence.

First Boston is believed to have been looking for possible US partners to help Plessey escape GEC's clutches.

If Plessey acquired DSC or any other sizeable company, it would make the British group a larger mouthful for GEC to swallow.

Some analysts already believe that Plessey may have become too expensive for GEC, even if GEC is cleared by the Monopolies and Mergers Commission to resume the bidding. Plessey's shares have recently been trading above 230p, compared with around 136p when the bid was first announced.

DSC makes telephone switching and telecommunications equipment. It made a pre-tax profit of $2m on sales of $74m in the first quarter of 1986, and has a stock market value of $250m.

Elders will not appeal

Elders IXL, the Australian group which launched a bid for Allied-Lyons last October, yesterday said it would not appeal against the High Court ruling in London which dismissed its application for a judicial review of the Monopolies Commission's decision on its bid.

The Monopolies Commission decision required Elders to disclose details of its confidential financing plans to Allied, but Mr John Elliott, Elders' chairman, said he had received an undertaking that the disclosures would be only to selected individuals and in confidence.

Elders would not be deterred from its objective of acquiring Allied, Mr Elliott said.

Rush & Tompkins

Rush & Tompkins, the property investment, building and civil engineering company, saw pre-tax profits rise by 4 per cent in the 12 months to the end of December 1985 on turnover up by 15 per cent.

Earnings per share were down from 22.6p to 20.8p and the company, which has changed its year end to March 31 is paying a second interim dividend of 6.25p, making the total for the year to date 8.45p. A further payment is to be made at the end of the 15 months.

Turnover was £135.93m, against £117.81m, with taxable profits of £3.16m (£3.05m).

The group's forward workload is higher in the present year than at the same time last year.

F.T. Share Information

The following securities have been added to the Share Information Services:

First National Finance Corpn. 6.3pc Conv. Cum. Red. Pref. (Section: Banks, H.P. and Leasing).

St. Modwen Properties (Property).

Throgmorton USM Trust (Ordinary and Warrants) (Trusts, Finance Land).

Berisford says Hillsdown offer is opportunistic

S. & W. Berisford, the commodity trader which Hillsdown Holdings is fighting Tate & Lyle to acquire, made a spirited rejoinder to the Hillsdown bid over the weekend.

The board's independent committee of directors advised shareholders to reject the bid as unfair and opportunistic and instead to await a formal offer from Tate & Lyle, whose overtures it welcomed as having positive implications.

Berisford's chairman and other executive directors are precluded from commenting on the offer because they are planning a buy-out of all Berisford's businesses except for British Sugar as a prerequisite for the Tate & Lyle offer.

The independent directors say Hillsdown's all-share offer is unfair because Berisford's shareholders would contribute the lion's share of net assets and earnings while being left with well under half the combined equity.

It is opportunistic, they say, because it is timed to take maximum advantage of the difficult trading conditions encountered by Berisford last year. The directors say the current year is progressing well and promise a first-half profits forecast in the near future.

Nationwide Leisure down

Losses, amounting to £512,000, from its discontinued tour operating side have left Nationwide Leisure with lower pre-tax profits of £762,000 against £843,000 for the year to end-October 1985.

The group's interests include retail travel agencies, the retailing of leisure goods and the ownership and management of park home estates, which all showed increased profits. Total turnover for the year improved by 50 per cent to £25.21m (£16.88m).

The losses were incurred by the tour operators, Neilson and VillaSeekers, which were disposed of in March. The directors consider that the group has now been placed in a secure and profitable position for the future.

A final dividend of 1.25p per 25p share is being proposed instead of the 2.5p forecast, bringing the total for the year to 2.5p (0.5p on 5p shares). Net earnings are shown down from 12p to 8.9p on an actual tax basis.

There were extraordinary debits of £778,000 (£60,000) relating to the closure costs of Neilson and VillaSeekers.

Bairstow Eves advances 67%

Bairstow Eves, the estate agent subsidiary of Hambros which earlier this week announced plans to merge with rival Mann & Co, has reported a 67 per cent profits increase for the 1985 year.

At £5.11m pre-tax, the result compared with £3.06m and was attained on turnover ahead from £14.3m to £22.38m.

Bairstow, which became a subsidiary of Hambros in March this year, has already paid dividends totalling 4.9p (1.707p). Earnings per share in 1985 were 6.38p (5.28p).

Bairstow's union with Mann & Co will create a group with 327 estate agency offices in 21 counties which would currently be selling 40,000 houses a year with a value of about £1.65bn.

Hollis slips and loses recovery momentum

THERE HAS been a hiccup to the recovery at **Hollis**, the timber importing and woodworking manufacturing group controlled by Mr Robert Maxwell's Pergamon Press, following a loss of £36,000 in the second half of 1985.

This means that, after the first half progress when profit rose by £302,000, the pre-tax balance for the full year comes out at £770,000, against £863,000 in 1984. Dividends cannot be resumed, but the directors are confident that the current year's profit will more than suffice to allow payments on all classes of capital.

Turnover in 1985 advanced from £30.11m to £52.37m. But much higher cost of sales and operating expenses cut the trading profit to £1.94m (£1.77m), and then interest took £269,000 more at £1.17m.

Prospects are considered to be highly encouraging. In the current year the group will benefit in particular from a full year of Solicitors Law and from improved performances by A. H. McIntosh (maker of domestic furniture) and ESA Furniture.

Trading so far this year is ahead of 1985, and order books throughout the group are healthy.

Mr Kevin Maxwell has been appointed joint managing director in place of Mr D. H. Barnett, whose resignation has been accepted. Mr M Stoney has joined the board as group finance director.

Fresh attack from Tomkins

F. H. Tomkins, the industrial holding company bidding for fellow conglomerate Pegler-Hattersley, launched a fierce attack on Pegler's defence document over the weekend.

It says Pegler had a dismal record of unimpressive earnings growth, unsuccessful acquisitions and inadequate returns from capital spending.

Compound growth in earnings per share had averaged only 8.4 per cent over the last five years, it said. Meanwhile Tomkins itself had forecast a 30 per cent increase in its dividend to at least 2.8p net this year.

Pegler retorted yesterday by saying that many points in its defence document had been left unanswered and that a response would be swift.

Renwick

Marine Projects was the main driving force behind an increase in pre-tax profits of over two and a half times for Renwick Group in 1985. On turnover up by 11 per cent from £38.35m to £42.74m profits rose from £951,000 to £2.55m for the Devon-based boatbuilder and coal trader.

Earnings per share came out at 13.8p (5.1p), but there is still no dividend. The last payment was paid in respect of 1980.

Directors say the improvement in the boatbuilding division followed capital spending during the year of more than £1.7m, mainly for increasing manufacturing capacity.

The tax charge was £1.01m, against £384,000 last time when there was also an extraordinary credit of £1.4m.

Edmond Holdings

Edmond Holdings, the Kent-based housebuilder recovered in the second half to return to the black. After losses at six months of £140,000 the company reported pre-tax profits of £95,000 for 1985, against £376,000 last time.

From earnings per 10p share of 0.24p (0.94p) a final dividend of 0.2p is being paid after passing the interim. Last year there was a single payment at the interim stage of 0.33p.

Hawker Canada up in first quarter

Hawker Siddeley Canada, a subsidary of Hawker Siddeley Group, electrical and mechanical engineer, reports net income up from C$2.75m (£1.29m) to C$3.35m for the first quarter of 1986.

Sales improved to C$99.1m (C$87m) and earnings per share are shown up from 31 to 39 cents.

Since the beginning of the year railway car leasing, while influenced by fluctuating demands of certain customers, has obtained quite sound results, the directors say. Domestic orders for new railway freight and tank cars, however, have continued to be sparse and it appears that little improvement can be expected in 1986.

Steel casting and wheel sales for rolling stock have also been affected by the lack of new freight car orders and by declining maintenance requirements.

The production of aircraft jet engine parts, first introduced in 1985, is progressing, as expected, the directors state.

Hewden-Stuart purchase

Hewden-Stuart Plant is to purchase the entire plant hire interests of the Isis Group for £6m cash.

Isis Plant became responsible last November for the plant hire interests of the Isis Group, and currently trades through eight depots. The acquisition of these depots will extend the geographical operations of Hewden-Stuart, and no depot closures are anticipated.

The interests being acquired have a turnover of about £6m per annum, and the directors of Hewden-Stuart are confident that a small contribution of profits will arise in the current year, after financing and reorganisation costs.

COMPANY NEWS IN BRIEF

KEYSTONE INVESTMENT Company raised net asset value from 467p to 651p per 50p share in the 11 months ended March 31 1986. Gross income for the half year to end-March totalled £736,346 (£679,787) and net revenue £282,649 (£372,599) after tax of £160,472 (£188,455). Earnings were 3.62p (5.19p). Interim dividend is a same-again 4p net. A scrip issue on one-for-one basis is proposed.

WEMYSS INVESTMENT Trust net asset value slipped from 661p to 659p over year to March 31, 1986. Figure excluded the unchanged interim dividend of 8p. Available profits totalled £251,000 (£300,000) for half year to March 1986. Earnings amounted to 11.2p (13.3p). The fall here was due to changes in the incidence of income and was not considered by the board to be significant.

MERGER CLEARANCES: The proposed purchase by Guinness Peat of Henderson Crosthwaite and Co., and the proposed purchase by F. H. Tomkins of Pegler Hattersley are not to be referred to the Monopolies and Mergers Commission.

STAG FURNITURE is to seek shareholders' permission to buy-in its own shares. The directors say that they will only exercise the power to purchase "when satisfied that any purchase will have a beneficial impact on earnings per share and it is the interests of shareholders to do so." They are also proposing to increase the rate of the preference dividend from 10 to 11 per cent.

YEARLING BONDS totalling £6.7m at 9½ per cent, redeemable on May 6 1987, have been issued this week by the following local authorities. Bury (Metropolitan Borough of) £0.25m; Ipswich (Borough of) £0.5m; Rochdale Metropolitan Borough Council £0.7m; Doncaster MBC £1m; Edinburgh (The City of) District Council £2.25m; Northavon DC £0.25m; Wimborne DC £0.25m; Aberdeen (City of) £1m; Newport BC £0.5m.

BARRATT DEVELOPMENTS' chairman and managing director, Sir Lawrie Barratt, sold 200,000 ordinary shares on April 7, and a further 200,000 on April 21.

FINANCIAL TIMES STOCK INDICES

	May 2	May 1	April 30	April 29	April 28	April 25	1986 High	1986 Low	Since Compilation High	Since Compilation Low
Government Secs.	92.79	93.09	93.35	93.32	92.83	93.34	94.51	80.39	127.4	49.18
Fixed Interest	96.78	96.69	97.12	96.99	96.75	96.77	97.51	88.55	100.4	50.53
Ordinary	1382.6	1374.0	1394.9	1391.2	1366.5	1357.9	1425.9	1094.3	1425.9	49.4
Gold Mines	252.8	250.9	244.2	247.8	253.7	257.2	387.0	244.2	734.7	43.5
FT-Act All Share	812.52	807.46	816.40	815.68	801.34	797.32	832.39	664.48	832.39	61.92
FT-SE100	1662.6	1640.1	1660.5	1656.3	1629.8	1622.6	1717.6	1370.1	1717.6	986.9

Granville & Co. Limited

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Capitalisatn. £000's	Company	Price	Change on week	Gross div. (p)	Yield %	P/E Actual	P/E Fully taxed
4,465	Ass. Brit. Ind. Ord.	131	—	7.3	5.6	6.0	7.5
—	Ass. Brit. Ind. CULS	136	—	10.0	7.4	—	—
4,226	Airsprung Group	73	+2	6.4	8.8	12.2	15.9
725	Armitage and Rhodes	29	—	4.3	14.6	3.6	4.3
54,597	Bardon Hill	170	—	4.0	2.4	21.5	22.4
3,530	Bray Technologies	64xd	+3	4.2	5.7	7.6	6.9
469	CCL Ordinary	134	−2	12.0	6.0	3.3	2.1
1,188	CCL 11pc Conv. Pf.	95	−2	15.7	18.5	—	—
8,278	Carborundum Ord.	138xd	−6	9.1	6.6	6.7	6.8
637	Carborundum 7.5pc Pf.	91	—	10.7	11.6	—	—
4,305	Deborah Services	55	—	7.0	12.7	5.7	7.5
3,323	Frederick Parker Group	23	—	—	—	—	—
2,030	George Blair	110	—	—	—	4.5	8.1
2,315	Ind. Precision Castings	57	−1	3.0	5.3	15.0	12.6
12,427	Isis Group	156	+2	15.0	9.5	12.0	17.6
8,157	Jackson Group	119	−1	5.5	4.8	8.0	6.0
45,532	James Burrough	326	−4	15.0	4.6	10.3	10.3
3,457	James Burrough 9pcPf.	99	+2	12.8	13.0	—	—
5,836	John Howard and Co.	56	—	5.0	6.8	—	—
42,033	Minihouse Holding NV	1285	−95	8.7	0.7	42.5	50.4
8,680	Record Ridgway Ord	260	—	—	—	4.6	8.0
—	Rec'd Ridgway 10pc Pf.	100	—	14.1	14.1	—	—
694	Robert Jenkins	56	—	—	—	8.6	19.4
1,800	Scruttons "A"	30	—	—	—	—	7.7
1,684	Torday and Carlisle	69	—	5.0	7.2	3.5	6.3
1,450	Travian Holdings	320	—	7.9	2.5	6.7	8.8
8,635	Unilock Holdings	55	+3	2.1	3.8	14.9	14.6
22,195	Walter Alexander	172	−2	8.6	5.0	9.7	11.9
4,621	W. S. Yeates	198	−1	17.4	8.8	5.6	9.7

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1986 High	1986 Low	Stock	Closing Price p	+or−	Net Div.	Times covered	Gross Yield	P/E Ratio
§166	F.P.	5/6	202	172	♦Davies (D.Y.) 5p	202	+1	U3.4	2.7	2.4	21.5
§130	F.P.	—	151	140	♦Dasfar 10p	149	—	U4.0	2.7	3.7	14.0
—	F.P.	—	35	87	German Secs. Warrts.	35	—	—	—	—	—
§120	F.P.	—	128	125	♦Green (E.) & P'tn'rs 5p	126	+1	R5.P	3.7	3.5	13.5
120	F.P.	—	130	122	♦Ipeco Holdings 10p	128	—	[illegible]	3.7	3.5	13.9
104	F.P.	—	118	110	Jurys Hotel	110	−2	U3.75	8.1	4.0	12.1
180	F.P.	23/5	187	157	Lee Intl. 10p	181	—	R3.2	2.5	3.5	14.7
§70	F.P.	14/5	85	80	♦Lodge Care	85	+1	U2.0	2.4	5.1	8.9
§105	F.P.	—	102	95	♦Muckarlin 80p	102	—	U5.0	7.5	6.7	11.0
75	F.P.	15/5	94	91	River Merc O Cal Tine	94	+1	—	—	—	—
10	F.P.	—	11	11	Do. Cab	11	—	—	—	—	—
[illegible]	F.P.	11/7	900	700	Rodime 5p	725	−5	—	—	—	—
§72	F.P.	—	74	73	♦Splash Prods. 10p	73	—	U3.87	1.6	6.2	14.6

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1986 High	1986 Low	Stock	Closing Price £	+or−
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

RIGHTS OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1986 High	1986 Low	Stock	Closing Price p	+or−
60	F.P.	[illegible]	[illegible]	[illegible]	Aquascutum A 5p	[illegible]	[illegible]
960	F.P.	[illegible]	[illegible]	[illegible]	Assoc. Newspapers	[illegible]	[illegible]
30	F.P.	[illegible]	[illegible]	[illegible]	Bensons Crisps 10p	[illegible]	[illegible]
205	Nil	[illegible]	[illegible]	[illegible]	Connells Est. Agents	[illegible]	[illegible]
235	Nil	[illegible]	[illegible]	[illegible]	EIS	[illegible]	[illegible]
221	Nil	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
370	F.P.	[illegible]	[illegible]	[illegible]	Gretton	[illegible]	[illegible]
807	F.P.	[illegible]	[illegible]	[illegible]	Greycoat	[illegible]	[illegible]
730	F.P.	[illegible]	[illegible]	[illegible]	Lon. & Manchester Grp	[illegible]	[illegible]
400	Nil	[illegible]	[illegible]	[illegible]	Low & Bonar 50p	[illegible]	[illegible]
63	F.P.	[illegible]	[illegible]	[illegible]	Pentos	[illegible]	[illegible]
705	Nil	[illegible]	[illegible]	[illegible]	Saatchi & Saatchi 10p	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
885	Nil	[illegible]	[illegible]	[illegible]	Sale Tilney	[illegible]	[illegible]
265	Nil	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
175	F.P.	[illegible]	[illegible]	[illegible]	Turner & Newall £1	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. g Assumed dividend and yield. F Forecast dividend cover on earnings updated by latest interim statement. H Dividend and yield based on prospectus or other official estimates for 1987. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. ɛ Indicated dividends; cover relates to previous dividend; p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ‡‡ Introduction. ** Issued by way of capitalisation. § Placing price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ▓ Allotment price. ✻ Unlisted securities market. ‡‡ Dealt in under Rule 535 (3). ♥ Dealt in under Rule 535 (4) (n).

PENDING DIVIDENDS

Dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements except where the forthcoming board meetings (indicated thus*) have been officially notified. Dividends to be declared will not necessarily be at the amounts in the column headed "Announcement last year."

Company	Date	Announcement last year
*AE	May 8	Interim 2.0
Allied Irish Banks	May 28	Final 5.0
*Allied-Lyons	May 8	Final 7.0
*ANZ	May 19	Interim 15 cts
Assoc British Foods	May 20	Final 3.7
*BOC Intl	May 12	Interim 3.85
*Bank of Ireland	May 15	Final 12.0
*Bass	May 21	Interim 3.7
*Bibby (J.)	May 20	Interim 1.0
Boots	May 30	Final 4.0
*Bilton (P.)	May 6	Final 5.6
Brit & Cmnwlth Shipping	May 23	Final 2.2
British Home Stores	May 7	Final 5.0
Brown (Matthew)	May 13	Interim 2.15
Cater Allen	May 23	Final due
Costain	May 29	Final 4.65
Country and New Town	May 16	Final 1.0
Courtaulds	May 28	Final 3.6
De la Rue	June 4	Final 21.75%
Dobson Park	May 21	Interim 1.9
*English China Clays	May 15	Interim 4
*European Ferries	May 8	Final 3.2
*Extel	May 8	Final 6.25
*Grand Metropolitan	May 15	Interim 4.0
*Greenall Whitley	May 22	Interim 2.073
Hanson Tst	June 4	Interim 1.5
Harrisons and Crosfield	May 29	Final 15.5
*Harris Queensway	May 7	Final 2.75
*Heath (C. E.)	May 15	Final 15.0
Henderson Group	May 16	Final 3.75
Hill Samuel	May 31	Final 3.3
*Land Securities	May 14	Final 6.55
London and Northern	May 15	Final 3.05
MEPC	May 29	Interim 2.6
*Marks and Spencer	May 3	Final 2.32
*Metal Box	June 10	Final 11.15
Norcros	June 4	Final 8
*Northern Foods	July 1	Final 3
Pegler Hattersley	June 6	Final 3.25
*Pilkington	June 11	Sec Int 7.6
Plessey	May 23	Final 2.578
RHM	May 21	Interim 1.84
RHP	May 22	Interim 1.65
Reed Intnl	June 5	Final 12.75
*Royal Bank of Scotland	May 7	Interim 3.6
Saatchi and Saatchi	May 21	Interim 5.29
Sainsbury (J.)	May 21	Final 3.1
Sears	May 14	Interim 1.6
Smith Brothers	May 29	Final 4.0
Staffs Potts	Mar 28	Interim 1.0
Stakis	May 9	Interim 0.4
Style	May 14	Final 4.5
*Tesco	May 28	Final 2.1
UEI	May 9	Final 3.25
United Scientific	May 23	Interim 2.2
*Vaux	May 3	Interim due
*Wheeoee	May 7	Interim 2.5
Whitbread	May 22	Final 4.2
Wolverhampton & Dudley	May 29	Interim 2.85

* Board meeting intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made. ¶ Forecast.

SHARE STAKES

Changes in company share stakes announced over the past week include:

Laura Ashley—Mr Bernard Ashley, chairman, sold 4m shares at 208p each on April 29.

Midland Marts Group — Winchmore owns 275,000 ordinary (7.3 per cent).

Habitat Precision Engineering—Chairman J. Mayne has purchased another 10,000 shares.

Hanson Trust—As a result of exercise of options, director E. D. Collins has acquired an additional 60,000 ordinary and is now interested in 203,805 shares.

Bemrose Corporation—Director Sir Gordon Brunton has purchased 20,000 ordinary shares.

Albert Fisher Group—Non-executive director G. A. Whittaker has sold 10,000 shares.

Automated Security — Director M. J. Hawker disposed of 20,000 ordinary shares at 214p and holds 183,523.

Multitone Electronics—Director J. M. Spiers has sold 12,500 ordinary shares and holds 77,500.

Cattle's (Holdings) — Directors A. N. Collier and R. Waudby sold 75,000 ordinary shares jointly, in a non-beneficial capacity at 52½p.

Stakis—Director S. N. Jenkins has exercised option to acquire 13,965 shares at 24.166p. This increases his deemed interest to 278,016 shares and reduces to 478,232 the number of shares over which he has options.

BOARD MEETINGS

TODAY

Interims: Circaprint, Govett Atlantic Investment Trust, London Entertainments, National Home Loans, Telecomputing, Trafalgar House.

Finals: Ambrose Investment Trust, Percy Bilton, Centreway Trust, Govett Enterprise Investment Trust, Lee Cooper, United Friendly Insurance, WA, Wace.

FUTURE DATES

Interims—

Imperial Cold Storage and Supply	May 7
Radio Clyde	May 15

Finals—

Allied-Lyons	May 8
Cafyne	June 12
Cakebread Robey	May 20
Dataserv Inc.	May 13
Oslyn Packaging	May 12
Fisher (James)	May 7
Garner Booth	May 8
German Smaller Co's Invest. Trust	May 6
Heath (C. E.)	May 16
Just Rubber	May 6
Land Securities	May 14
Nurdin and Peacock	May 7
Usher-Walker	May 8

33—BOARD MTGS. TABLE —

CONSTRUCTION

Solent marina plan

BY JOAN GRAY, CONSTRUCTION CORRESPONDENT

SIR ROBERT McALPINE has won a £12.78m design and build contract from Arlington Securities for work on the Port Solent Marina near Portsmouth.

The 880 berth marina will be formed from an existing land-locked lake separated from the Solent by a sea wall. Yachts will have access to the marina by a lock to be installed in the sea wall.

The contract involves moving 250,000 cu metres of silt from the bottom of the lake and sheet piling to support the sea wall and three sides of the marina.

The contract also involves replacing the current access road from the A27 with a new link road around the marina.

The marina is scheduled for completion in July 1988. It is part of an overall area plan to include a sports and leisure complex, a residential development, hotel, offices and ship repair yard and chandlers.

The current contract includes the ground works for the hotel, office block and residential development. The company is hoping for further work building the offices, hotel and ship repair yard, the contracts for which will be allocated after the initial work is completed.

It has no plans to become involved in the residential development. The contract was allocated on both price and programme speed after competitive tender.

Developing St Helier harbour

SHEPHARD HILL has boosted its order book by £12m with the recent award of three civil engineering contracts. After an absence of three years it is returning to Jersey following the acceptance by the States of Jersey of a £9.18m tender for the construction of a Ro-Ro harbour and fish quay at St Helier under the supervision of Coode & Partners. The project which includes a rubble mound breakwater with rubble revetment and bund, a concrete blockwork quay / breakwater, suspended deck quay, three steel dolphins, and foundations for two Ro-Ro link spans as well as a concrete fish quay is due for completion in July 1988. Shephard Hill has also secured a contract worth £1.98m to build a rubble mound breakwater for the Colchester division of Anglian Water as the first stage of the Clacton sea defences scheme. Work will start soon on the new sewerage scheme at Idolo Cwmffrwd near Carmarthen for the Welsh Water south western division. W. S. Atkins & Partners are the engineers for the £1.1m contract under which Shephard Hill will install 9 km of sewers and rising mains and construct two pumping stations over the next nine months.

*

Contracts worth around £8.5m have been awarded to **TURRIFF CONSTRUCTION.** The Property Services Agency and the John Madin Design Group have placed an order worth around £4m for a new court house, three custody courts (one medium, two small), and one large County court, at Much Park Street, Coventry. A contract, worth £2.5m, has been awarded by Daventry District Council for the construction of Civic Offices at Lodge Road, Daventry. The Windmill Housing Association has commissioned the construction of 42 flats at Fleetwood costing in the region of £870,000 and 34 elderly persons' flats and a warden's house are to be built for the Anchor Housing Association at Stretford for £800,000.

*

Contracts worth about £6m have been awarded to **TRY CONSTRUCTION** of Uxbridge. W. S. Try, the major contracts company, has started work on a clinic and retail shops scheme at Buckingham Avenue, Slough, for Slough Estates Design & Construction. Construction of a retail warehouse for Payless has also started in High Wycombe with an anticipated completion date at the end of September. Try Build contracts include the refurbishment of offices and warehouse in London, WC2, for Books Etc; a building extension at Weybridge for Beechams Products; further minor works to Lord's Cricket Ground for the MCC and measured term contracts for the DOE/PSA at Tolworth and Gosport.

Worldwide orders worth £83m for French Kier

FRENCH KIER and its subsidiaries, French Kier Construction, G. E. Wallis & Sons, William Moss, Robert Marriott and Kier International, which form the contracting division of the Beazer Group, have been awarded contracts totalling in excess of £83m. Included among the awards are hotels in King's Lynn, Norfolk and Bury St Edmunds, Suffolk, for Butterfly Hotels, construction of an ice rink in Romford for the London Borough of Havering, a magistrates' courthouse for Kent County Council in Dover, a factory and office block in Clywd for Eurofrozen Products, a multi-storey car park at Gatwick Airport for British Airports Authority, major alterations and extensions to Gloucester Royal Hospital, and major work at the Swansea Grand Theatre for the City of Swansea Council. Other clients for whom contracts have been awarded include: Rogoot's College, London, Queens Most Houses, Mercedes Benz UK, the Metropolitan Police, City of Hereford, Ravenseft Properties, British Airways, Southern Water Authority and the Salvation Army. Overseas projects include a new hospital in Barbados, a university block in Botswana and major building works in Amman, Jordan.

Sheffield Children's Hospital extended

Hospital extensions head projects worth nearly £11m awarded to **TARMAC CONSTRUCTION.** Work has started on £5m extensions to Sheffield Children's Hospital for Trent Regional Health Authority. Scheduled to take two years, the project involves a four-storey reinforced concrete-frame building with new operating theatres and wards. The contract also includes access roads and parking areas.

Other contracts include a retail warehouse at Bletchley, Buckinghamshire, for W. H. Smith and Harris Queensway, worth £1.7m; alterations to a listed building in Elizabeth Street, Belgravia, London, for Grosvenor Estates Restorations, worth £1m, and a £581,000 contract for refurbishing offices at the BBC Television Centre.

Contracts in the Midlands include industrial premises and ancillary works at Stafford Park, Telford, for Telford Development Corporation (£735,000); a computer centre, offices and ancillary works at Sandwell Business Park, Smethwick, for Pilkington Industrial Estates (£421,000); and alterations and extensions for offices at Walsall, for Tandy Corporation (£332,000).

In Scotland, extensions to a sewage treatment works at Alva, for Central Regional Council, are worth £374,000, and drainage works at Edinburgh, for Cavlspen Trustees, are worth £339,000. At Eggborough, near Selby, West Yorkshire, extensions and modifications to offices, for the Central Electricity Generating Board, are valued at £259,000.

*

BOWMER & KIRKLAND has secured contracts worth £8m. The projects include refurbishment and extension works in addition to new build contracts. They include a retail development for Thorncliffe Developments at Skegness, which involves the demolition of existing retail units and rebuilding to provide new and larger premises, a three-storey office block for Opalda at Wembley, comprising individual office suites, complete with car parking; the conversion of an existing riverside warehouse into offices and luxury apartments for Selladale Developments at Bermondsey; a £400,000 contract for 3i Commercial Properties for the construction of a three-storey office block at Slough; extensions and upgrading of the existing factory of G. Pulman & Sons at Bletchley, for BPCC; a £1m nurses' education centre at Burton District Hospital Centre for West Midlands Regional Health Authority; a £1.25m contract for the complete refurbishment and upgrading of an existing Grade 2 listed building for Imperial London Hotels at Queens Square, London, and a £1.4m contract to build a four-storey office block for Rolls-Royce & Associates at Derby.

The week's business in parliament

Commons: Debate on the situation in HM Prisons, until 7 pm. Committee stage of the Finance Bill.

Lords: Industrial Training Bill, committee. Animal (Scientific Procedures) Bill, Consideration of Commons amendments. Agriculture Bill, Second Reading. Unstarred question on gliding in the Upper Heyford area.

Select Committee: Treasury and Civil Service—Subject: Supply Estimates (1986-87) Class XIX, Vote 2. Witnesses: Customs and Excise officials (Room 15, 4.45 pm).

TOMORROW

Commons: Finance Bill, Committee stage. Remaining stages of the British Shipbuilders (Borrowing Powers) Bill.

Lords: Debate on a motion deploring the Government's inability to solve the crisis in schools and failure to recognise the needs for greater investment in education and science. United Nations (Namibia) Bill, Second Reading. Unstarred question on bed-and-breakfast accommodation.

Select Committee: Foreign Affairs — Subject: European Single Act. Witness: Mrs Lynda Chalker MP, Foreign Office Minister of State (Room 15, 10.30 am). Welsh Affairs—Subject: The preparedness of Welsh school children for the GCSE examination. Witnesses: Welsh Office; Welsh Joint Education Committee (Room 18, 10.30 am). Trade and Industry—Subject: Westland. Witness: Mr P. G. B. Wills, Stock Exchange Council (Room 16, 10.45 am). Energy—Subject: Department of Energy's spending plans. Witness: Mr Peter Gregson, Permanent Under-Secretary (Room 8, 11 am). Public Accounts—Subject: Tax relief at source. Witness: Sir Lawrence Airey, chairman, Board of Inland Revenue (Room 16, 4.15 pm). Social Services—Subject: Public expenditure on the social services. Witnesses: DHSS officials (Room 21, 4.15 pm). Environment — Subject: Historic buildings and ancient monuments. Witness: Joint Committee of the National Amenity Societies (Room 20, 4.30 pm). Transport—Subject: Public Expenditure white paper. Witnesses: Department of Transport officials (Room 17, 4.30 pm).

THURSDAY

Commons: Debate on crime prevention.

Lords: Public Trustee Bill, Second Reading. Gas Bill, Committee. Drainage Rates (Disabled Persons) Bill, Second Reading.

Select Committee: Agriculture —Subject: The effects of pesticides on human health. Witnesses: Food and Drink Federation; Food Manufacturers' Association; Farm and Food Society (Room 16, 10.45 am).

FRIDAY

Commons: Private Members' Bills.

FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based mainly on last year's timetable.

YESTERDAY

DIVIDEND & INTEREST PAYMENTS—
Credit National 13¼pc Gtd Nts 1990 (Reg) 5¼pc. Do. 13½pc Gtd Nts 1985 (Reg) 5¼pc
Elders IXL 10cts
Guernsey Atlantic Securities 3.5p
Philips Lamps NY Fl 1.4
Scottish Eastern Inv Tst 1.15p

TODAY

COMPANY MEETINGS—
Chetwynd Streets, Cavalry and Guards Club, Piccadilly, W. 10.00
Davies and Metcalfe, Injector Works, Gomiley, Stockport, Cheshire, 11.00
Kleinwort, Benson, Lonsdale, 20, Fenchurch St, EC. 11.25
Gestetner, Fricourt, East Grinstead, West Sussex, 10.30
World of Leather, Institute of Chartered Accountants, Moorgate Place, EC. 12.00

BOARD MEETINGS—
Finals
Ambrose Invst Tst
Bilton (Percy)
Cantreway Tst
Govett Enterprise Invst Tst
Lee Cooper
Old Friendly Insurance
W. A. Hidgs
Wace
Interims
Circaprint
Govett Atlantic Invst Tst
London Entertainments
National Home Loans
Telecomputing

DIVIDEND & INTEREST PAYMENTS—
Allida 8.5p
Anglo American Gold Inv 253.72951p
Anglo American Inv Tst 210.7525p
Assoc British Foods 7½pcDb 1988-93 3¾pc
BM 0.66p
Bnnro Inds 5.3p
Bentson Clark 4.3p
Boddingtons Breweries 1.92p
British Assets Tst 0.475p
Brixton Estate 7¼pc1stMtgDb 1987-92 3⅝pc
Burton Group 7pcLn 1986 3½pc
Cadbury Schweppes 5½pc1stMtgDb 1994-2004 2¾pc
Clarke (T.) 1.61p
Courtaulds 6pcRed2ndPf 2.1p. Do 5½pcLn 1994-96 3¼pc. Do. 7¼pcLn 1994-96 3⅝pc
Delta Group 10¾pcDb 1995-99 5⅜pc
Distillers 7¼pcLn 1988-93 3⅝pc
Eleco 7½pcDb 1986-91 3¾pc
HTV 3.0p
Hickson Intol 10p
Hurst (C.) Motors 7½pcDb 1986-91 3¾pc
Intnl Bank for Rec and Dev 13½pcLn 1986 (Reg) 6¾pc
Inv Tst of Guernsey 4.75p
Libra Bank Sub Flto Rate Nts 1995 $425.73
Metal Box 10½pcLn 1992-97 5¼pc
Mitchell Cotts 1.5p
Royal Bank of Scotland Flto Rate Nts 2005 £165.17
Tilling (T.) 8¾pcLn 1989-94 4⅜pc
Tod 1.3p
Walker (Thomas) 0.17p
Whitbread 7¼pcLn 1995-00 3⅝pc

TOMORROW

COMPANY MEETINGS—
Ashley Indl. Tst., Bowdoncroft Hotel, Green Walk, Bowdon, Altrincham, Cheshire, 11.00
Barrow Hepburn, Elms Hotel, Abberley, Worcestershire, 12.00
General Accident Fire and Life Assce., Pitheavlis, Perth, 10.00
INSTEM, Savoy Hotel, Strand, WC. 10.30
Iostock Johnson, Hyde Park Hotel, Knightsbridge, SW. 12.00
Linread, Birmingham Chamber of Industry and Commerce, 75, Harborne Rd, Birmingham, 12.00
Low and Bonar, Invercarse Hotel, Perth Rd, Dundee, 12.00
Mackay (Hugh), Royal County Hotel, Durham City, 12.00
Metropolitan Tst., Royal Exchange, EC. 12.05
Newman Inds., The Brewery, Chiswell St, EC. 12.00
Pittard Group, Sherbourne Rd, Yeovil, Somerset, 12.00
Sale Tilney, 25, Queen Anne's Gate, SW. 12.00
Schroders, 120, Cheapside, EC. 12.00
Sutherland (E.) and Son, Rotherham Moat Hotel, 102 Moorgate Rd, Rotherham, 11.00

BOARD MEETINGS—
Finals
Barker and Dobson
City of Oxford Invst Tst
Feedex Agricultural Inds
Fisher (J.)
Harris Queensway
Molynx
Nurdin and Peacock
Silentnight
Interims
Imo Cold Storage and Supply
Royal Bank of Scotland
Trafalgar House
Whessoe

DIVIDEND & INTEREST PAYMENTS—
BSA 10pcDb 1990-94 5pc
BLMC 7¼pcCnvLn 1982-87 3⅝pc
Blue Circle Inds 10¼pcDb 1994-99 5⅛pc
Bronx Engineering 0.25p
Burroughs Con 55cts
Channel Islands and Intnl Inv Tst 57.5p
CityFed Financial 10cts
Conversion 9¼pc 2003 4⅝pc
De Beers Cons Mines Dfd (Reg) 12.7669p. Do Dfd (Br) 40cts
First Chicago Con Flto Rate Cap Nts Feb 1997 $202.41
Fleming Mercantile Inv Tst 2.35p
Rentokil 1.55p
Standard Chartered Und Prim Cap FRN (Ser 2) $424.22
Thorn EMI 8½pcLn 1989-94 4¼pc. Do. 5pcLn 2004-09 2½pc. Do. 7½pcLn 1989-92 3¾pc. Do. 7¾pcLn 2004-09 3⅞pc
Treasury 10½pcCnv 1992 5¼pc
Wilkes (James) 3.75p

THURSDAY MAY 8

COMPANY MEETINGS—
Antofagasta, Great Eastern Hotel, Liverpool St, EC. 12.00
Applyard, Parkway Hotel, Otley Rd, Leeds, 3.00
BBA, Norfolk Gardens Hotel, Hall Ings, Bradford, 11.30
Cambridge Electronic Inds., Barber-Surgeons Hall, Monkwell Square, Wood St, EC. 12.00
Canning (W.), Canning House, St Paul's Square, Birmingham, 3.00
Cattle's, Royal Station Hotel, Paragon Square, Hull, 3.00
Coran, Surinys Way, Leicester, 12.00
East Rand Cons., 25-35, City Rd, EC. 12.00
CRA, Wimbledon Stadium, Plough Lane, Wimbledon, SW. 10.30
Hepworth Ceramic, Charing Cross Hotel, WC. 12.00
Jacobs (John I.), General Council of British Shipping, 30-32, St Mary Axe, EC. 11.30
Morley, Riverhead, Sevenoaks, Kent, 12.00
Mellerware Intnl., Grand Hotel, Colmore Row, Birmingham, 12.00
Molins, Salters Hall, Fore St, Barbican 12.15
Monument Oil and Gas, Watermens Hall, 18, St Mary-at-Hill, EC. 12.00
Williams Hldgs., Derbyshire County Cricket Club, Nottingham Rd, Derby, 12.00

BOARD MEETINGS—
Finals
Allied-Lyons
European Ferries
Extel
Garner Booth
Holt Lloyd Intl
Just Gubber
Marks and Spencer
Sumner (Francis)
UEI
Usher-Walker
Interims
AE
United Spring and Steel
Vaux

DIVIDEND & INTEREST PAYMENTS—
British Petroleum 22p
Eleco 1.5p
FII 2.25p
Jourdan (Thomas) 5.25p
Orillama Intnl. SA (Reg UK) 18p. Do. (Reg Lux) 15p. Do. (Br) 15p
Ramus 1.5p
SPP 2p
Schroders 75.5p
Tioxide 11½pcLn 1991-96 5¾pc
Treasury 3pc 1990 1½pc

FRIDAY MAY 9

COMPANY MEETINGS—
Brittannic Assce., Moor Green, Moseley, Birmingham, 12.00
Church and Co., Northampton Moat House, Silver St, Northampton, 12.00
DRG, 1, Redcliffe St, Bristol, 12.00
Derwent Valley, 3, Manchester Square, W. 12.00
Grampian, Royal Scottish Automobile Club, 11, Blythswood Square, Glasgow, 12.00
Laidlaw Thomson, Hotel Piccadilly, Manchester, 12.00
Oliver (George) (Footwear), Grove Way, Castle Acres, Narborough, Leicester, 12.00
Refuge, 105, Oxford St, Manchester, 11.45
Silkolene Lubricants, Silkolene Oil Refinery, Belper, Derbyshire, 12.00

BOARD MEETINGS—
Finals
German Smaller Cos Invst Tst
Holt (Joseph)
MacLellan (P. and W.)
Interims
Windsor Securities

DIVIDEND & INTEREST PAYMENTS—
American Express 34cts
Antofagasta 15.75p
Blanchards 1.5p
Britannia Security 0.6p
British Vita 3.7p
Cattle's 1.075p
Continental Microwave 1.75p
Derwent Valley 70p
Ferry Pickering 1.3p
Hall Engineering 4.71p
Hasbro 3.75p
Home Farm Products 1.15p
Intnl. Bank for Rec. and Dev. 11.5pcLn 2003 5¾pc
Low and Bonar 5.5p
MAI 4p
Marley 2.35p
Minerals and Resources 6cts
Southwark Con. 6¾pcRed 1983-86 3⅜pc
Suora 1.4p
Transport Development 4.5p
W.W. 6p
Williams Hldgs. 8p
Woodhouse and Rixson 1.5p

SATURDAY MAY 10

DIVIDEND & INTEREST PAYMENTS—
Desoutter Bros. 4.8p
Exchequer 10½pc 1986 5¼pc
Gramolaa 4p
Nevi Saltic 1.5p

EUROPEAN OPTIONS EXCHANGE

Series		May Vol.	May Last	Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Stock
GOLD C	$320	6	24.50	—	—	—	—	$343.70
GOLD C	$340	26	8	—	—	—	—	"
GOLD C	$370	55	0.60	82	—	—	—	"
GOLD C	$380	—	—	28	8	—	—	"
GOLD C	$400	—	—	10	6	—	—	"
GOLD P	$320	—	—	5	8.60 A	—	—	"
GOLD P	$340	5	18	—	4.10	11	14.50	"
GOLD P	$360	—	—	—	—	—	—	"
		June		Sept.		Dec.		
SILV P	$500	300	15	—	—	—	—	$683
£/FL C	Fl.370	10	11.50	—	—	—	—	Fl.380.84
£/FL C	Fl.385	—	—	—	—	10	5.50	"
$/FL C	Fl.245	86	0.80	—	—	0	11.60	Fl.246.70
$/FL C	Fl.250	7	4.60	11	7.85	1	9.60 A	"
$/FL C	Fl.255	10	2.90	5	5.50	1	7.80	"
$/FL C	Fl.260	8	1.50 B	a	5.80	8	6.10	"
$/FL C	Fl.265	1	1.10	14	3.20	4	4	"
$/FL C	Fl.270	—	—	—	—	80	8.60	"
$/FL C	Fl.280	45	0.40	—		—	—	"
$/FL P	Fl.235	15	2.40	—	—	—	—	"
$/FL P	Fl.240	128	5.80	—	—	7	9.70	"
$/FL P	Fl.245	3620	6.70	10	2.50	—	—	"
$/FL P	Fl.250	2585	8.50	3	15.30	—	—	"
$/FL P	Fl.255	5	11.50	5	16.50	—	—	"
$/FL P	Fl.270	6	25.50 a			—	—	"
		July		Oct.		Jan.		
ABN C	Fl.520	176	3.70	1	15	—	—	Fl.561.50
ABN P	Fl.540	68	8.20	21	12	—	—	"
AEGN C	Fl.115	77	1.80	2	4	11	6.20	Fl.104.30
AEGN P	Fl.105	81	5.20	—	—			"
AH C	Fl.80	118	5 A	52	4.80	5	7 B	Fl.76.80
AH P	Fl.85	55	10	—	—	—	—	"
AKZO C	Fl.160	355	3.40	211	5.70	—	—	Fl.160.60
AKZO P	Fl.120	318	6.80	99	7	—	—	"
AMEV C	Fl.70	—	—	41	11.20	—	—	Fl.78.90
AMEV P	Fl.80	82	8	—	—	—	—	"
AMRO C	Fl.105	138	3.20	2	5.30 A	—	—	Fl.99.30
AMRO P	Fl.95	140	2	10	3.80	5	6.60	"
GIST C	Fl.300	165	3	18	2.30	2	12	Fl.266.50
GIST P	Fl.280	169	20	—	—	—	—	"
HEIN C	Fl.170	12	8.60	22	8.50	—	—	Fl.167.50
HEIN P	Fl.150	49	5	0	5	—	—	"
HEO C	Fl.172.50	20	2.70	21	7	—	—	"
HEO P	Fl.150	40	8.50	—	—	—	—	"
HOOG C	Fl.115	864	2.60	146	6	—	—	Fl.106
HOOG P	Fl.110	54	8.60	188	3.80	—	—	"
KLM C	Fl.50	885	1.20	142	3.40	72	3.60	Fl.47.60
KLM P	Fl.50	408	4.20	67	8.70	10	7	"
NEDL C	Fl.200	46	0.80	—	—	—	—	Fl.186.50
NEDL P	Fl.180	508	10.50	110	12.10 B	—	—	"
NATN C	Fl.85	20	1.60	58	4.60	7	6.80	Fl.80.70
NATN P	Fl.75	50	2.40	15	5.80	—	—	"
PHIL C	Fl.70	345	0.60	71	1.90 A	26	2.80	Fl.60.30
PHIL P	Fl.60	256	2.40	54	8.50	82	4.30	"
RD C	Fl.180	748	4.40	464	8	14	11.60	Fl.188.80
RD P	Fl.120	75	10.70	38	14.70	—	—	"
ROBE C	Fl.85	6	2	—	—	—	—	Fl.91.70
ROBE P	Fl.00	—	—	200	a	—	—	Fl.01.11
UNIL C	Fl.440	58	6	22	12	2	23	Fl.436
UNIL P	Fl.400	60	7.40 A	50	12	—	—	"

TOTAL VOLUME IN CONTRACTS: 24,214.

A=Ask B=Bid C=Call P=Put

BUSINESSMAN'S DIARY

UK TRADE FAIRS AND EXHIBITIONS

May 11-14
Business to Business Exhibition (01-729 0677) Barbican Centre

May 11-18
London International Furniture Show (01-385 1200) Earls Court

May 11-15
Domestic Heating and Plumbing Fair—HEVAC 86 (021-705 6707) NEC, Birmingham

May 13-16
Communications Equipment and Systems Exhibition—COMMUNICATIONS (021-705 6707) NEC, Birmingham

May 18
Antiques Fair (01-883 7061) Alexandra Palace

May 20-22
RoSPA International Safety Exhibition (021-780 4171) NEC, Birmingham

May 20-24
Chelsea Flower Show (01-834 4333) Royal Hospital, SW1

May 23-June 1
National Home, Garden and Leisure Show — LIFESTYLE (021-222 8341) NEC, Birmingham

May 29-June 7
Fine Art and Antiques Fair (01-385 1200) Olympia

June 3-6
Chemical Engineering Industry Exhibition (01-855 7777) Earls Court

June 3-5
Northern Electronics Exhibition —ELECTRONORTH (0892 36688) G-Mex Centre, Manchester

June 3-6
International Chemical and Process Engineering Show and Conference — EUROCHEM (01-891 5051) NEC, Birmingham

June 7-8
International Air Fair and Trade Exhibition (0959 71111) Biggin Hill

OVERSEAS TRADE FAIRS

Current
International Printing and Paper Fair—DRUPA (01-493 3893) until May 15 Dusseldorf

May 5-8
Business Efficiency, Office Automation and Business Communication Exhibition — BEE/OFEX (01-855 7777) Hong Kong

June 10-13
International Banking and Finance Services and Technologies Exhibition — TECHNOBANK (0494 775444) Geneva

May 13-15
Production, Organisation and Technical Aspects of Shows & Meetings, Trade Fair and Congress — SHOWTECH (01-740 4444) Berlin

May 21-23
International Cargo Services and Equipment Exhibition—INTERCARGO '86 (02072) 75641) Boston

May 26-30
Automated Manufacturing Conference and Exhibition—AUTOMACH 86 (US) (313) 271 1500) Sydney

May 28-June 4
Mechanical Handling Machine Tool & Products Exhibition (01-439 3964) Paris

June 3-6
Retail and Distributive Exhibition—RETAIL EUROPE (0734 794161) Amsterdam

BUSINESS AND MANAGEMENT CONFERENCES

May 5-7
KIA Management Consultants: Gaining a competitive advantage —developing successful strategies in service industries (01-267 0231) Seville

May 6
The Institute of Taxation: Finance Bill 1986 (01-235 8847) Hilton Hotel, W1

May 13
Finance Conference Management: Real estate leasing — a foundation for growth (0378 62262) Cafe Royal, W1

May 15
Dun and Bradstreet: Finance for private companies (01-377 4452) London

May 15-16
FT Conference: Retailing (01-621 1355) London

May 20
CBI: Contract bonds and guarantees (01-379 7400) Centre Point, WC1

May 22
The Institute of Directors: How to work out the winning streak (01-839 1233) 116 Pall Mall, SW1

May 25-28
International reinsurance forum (Panama 63-7555) Panama

May 26-30
International Advertising Association: World advertising congress (Chicago (312) 644 5997) Chicago

May 27-29
Banking Association of Ticino and City of Lugano: International banking symposium (01-251 9321) Lugano

May 28-29
FT Conference: Telecommunications and the European business market — planning tomorrow's trade routes (01-621 1355) Hotel Inter-Continental, W1

May 28-29
FT Conferences: The 1986 Motor Industry Conference — vehicle distribution and marketing (01-621 1355) Geneva

June 2-3
Avmark International's annual conference on European aviation, European liberalisation and its effect on aircraft demand and values (01-621 6788) Tara Hotel, W8

June 9-10
FT Conferences: World Electronics — Strategies for tomorrow's markets (01-621 1355) Hotel Inter-Continental, W1

June 12
The Institute of Petroleum: Sources of information for the offshore industry (01-636 1004) New Cavendish Street, W1

June 18
RIPA: Government and the private sector (01-222 2248) London Business School, NW1

June 18-20
1986 World Congress on Management Development (0234 48338) Royal Lancaster Hotel, W2

Anyone wishing to attend any of the above events is advised to telephone the organisers to ensure that there has been no change in the details published.

INTL. APPOINTMENTS

Gerald Tsai moves towards chair at American Can

BY TERRY DODSWORTH IN NEW YORK

FOUR YEARS after joining American Can, Mr Gerald Tsai, the 57-year-old former Wall Street wunderkind, seems assured of moving into the chairman's office when the present incumbent, Mr William Woodside, retires next January. Mr Tsai's leading position in the succession stakes was solidified last week with his appointment as chief executive, a role which Mr Woodside is relinquishing, and which was once thought to be earmarked for Mr Frank Connor, the 55-year-old president of the group.

Mr Tsai has made no secret of his ambitions to become chairman of American Can, one of the leading US can manufacturers, which he joined four years ago, after a business life spent mainly wheeling and dealing on the stock exchange. A native of Shanghai, he became one of the most widely acclaimed money managers in the 1960s, and despite a few difficult patches, he built up considerable wealth before selling his life insurance company, Associated Madison, to American Can for $140m.

His brief since then has been to build up the financial services side of the business. The strategy of shifting the focus of American Can's activities, axing its paper and lumber business, while trimming back on its packaging, is mainly attributed to Mr Woodside. But it was Mr Tsai who was chiefly charged with putting flesh on the new approach.

Today, American Can generates more than half its earnings from financial services, mostly in the life insurance field, but with some interests in mutual funds and mortgage banking. The group has sold around $900m of assets since 1981, sinking the proceeds — plus an additional $100m—mainly into financially-based businesses.

It has had some problems along the way, notably when it had to take a charge of almost $29m on an investment in Ticor, a Californian mortgage insurance group which fell on hard times. But it has had some coups as well, particularly the sale of 15 per cent of its American Capital Management and Research Mutual Fund subsidiary to the public for $69m—a company that was acquired just three years ago for only $38m.

All of this leaves the American Can title looking like something of a misnomer. But Mr Tsai says that there is no question of moving out of the can-making business, or the group's retail activities. "Bill Woodside set the strategic plan five years ago," he says. "We shall continue to follow the same course."

Manager of Elders in New Zealand

By Dai Hayward in Wellington

ELDERS, the Australian-based agricultural giant, has appointed Mr Sholto Matthews general manager of its New Zealand operation — Elders Pastoral New Zealand.

Mr Matthews joined the company 20 months ago from the New Zealand pastoral company, Dalgety Crown. Since then he has been in charge of strategy and development and has guided the subsidiary into several new areas. It has expanded rapidly in that time.

Mr Matthews, 46, was deputy general manager of Dalgety Crown when he moved to Elders.

Counsel move by Asarco

ASARCO has elected Mr Augustus B. Kinsolving vice president and general counsel, and Mr Alexander J. Gillespie, Jr vice chairman, legal and corporate affairs.

Mr Gillespie, 62, is presently vice chairman and general counsel since 1983. He joined Asarco's Legal Department in 1975 and was appointed associate general counsel in 1977.

Mr Gillespie has been vice chairman and general counsel since 1984, having joined Asarco in 1960.

Chief at United Artists

UNITED ARTISTS, the Hollywood concern which became independent last year, following the take-over of MGM-UA by Turner Broadcasting, has appointed Mr Lee Rich chairman and chief executive. He succeeds Mr Jerry Weintraub, who took over the posts in November following the return of the company to Mr Kirk Kerkorian.

Mr Rich joins the company after resigning from Lorimar-Telepictures Corporation, where he was a member of the office of the president and a director.

UA has also appointed Mr Anthony Thomopoulos as president and chief executive officer, newly created posts. Mr Thomopoulos was previously a vice-president of the company presiding over the motion picture and television groups.

* * *

KIMBERLY-CLARK Corporation, the Dallas consumer and personal products company has announced that its three vice chairmen have set their retirement dates as part of a plan for an orderly management succession.

Mr Robert C. Ernest, Mr Marvin F. Gade and Mr Donald R. Hibbert will relinquish their lines of authority on January 1, and will retire as vice chairmen and directors of the company in April.

The three are to continue as senior executive consultants until April, 1988.

* * *

MONSANTO COMPANY, the US chemicals company has appointed Mr Earle H. Harbison president and chief operating officer.

Mr Harbison succeeds Mr Francis J. Fitzgerald, who died April 26. Mr Harbison is also chairman of the G. D. Searle and Company pharmaceuticals subsidiary, and of the Nutrasweet Company offshoot.

* * *

NORANDA, the Canadian natural resources group has announced the appointment of Mr Arkadi G. Bykhovsky as president and chief executive of Noranda Forest Sales, which draws together the concern's forest industry interests.

Champion Spark Plug head

CHAMPION SPARK PLUG, the Toledo, Ohio company which has its main interest in the production of sparking plugs, has announced that Mr Robert J. Brotje, Jr, is to be chief executive, succeeding Mr R. A. Stranahan, Jr, who remains chairman.

Mr O. Lee Henry, is to be president and chief operating officer of the company, assuming the posts he has left at RTE Corporation.

Research post at de Zoete in Tokyo

DE ZOETE AND BEVAN has appointed Mr Michael F. J. Connors head of research in the Tokyo office. He moves from Jardine Fleming Securities, to succeed Mr Simon K. Grove as chief representative. Mr Grove continues to act in a senior advisory role to the Barclays de Zoete Wedd Group.

On the incorporation of Barclays de Zoete Wedd (BZW), the Tokyo representative offices of de Zoete and Bevan and Barclays Merchant Bank will merge. Mr Connors will become chief representative of BZW with particular responsibility for equities. Mr Martin L. V. Weyer, the present representative of Barclays Merchant Bank, will assume responsibility for BZW's international corporate finance activities in Japan as deputy chief representative.

PaineWebber capital post

MR FRANCOIS RUSSO is to lead a technology group formed by PaineWebber Capital Markets, part of the PaineWebber Wall Street securities house.

The new unit is aimed at technological and systems support for the Capital Markets group.

Mr Russo, who becomes a first vice-president at the Capital Markets group, has joined the concern from First Boston, where he was head of operations and administration in the bank's corporate finance department.

Emhart Bologna job

MR FRANCE SAVOIA has been appointed chief executive of Arcotronics, a subsidiary of Emhart Corporation, the diversified hardware, chemicals and machinery concern.

Arcotronics is an electronics group producing energy-storing capacitors and the machinery to manufacture them.

Mr Savoia, 48, takes responsibility for the international operations of Arcotronics in the UK, Germany and Italy, from a base in Bologna.

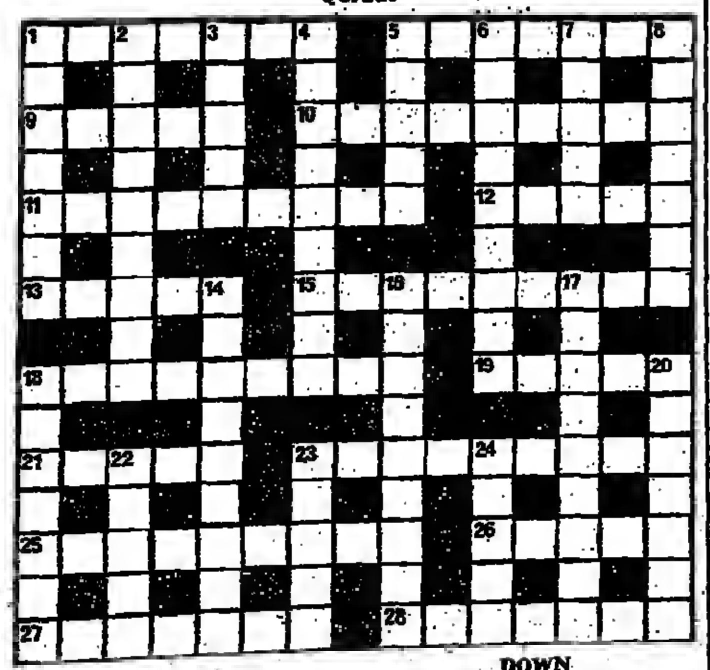
Hill and Knowlton

HILL AND KNOWLTON, the international public relations concern, has appointed Mr Michael Taylor, 43, managing director of Europe, Middle East, and Africa operation. Mr Taylor, becomes an executive vice president from July 1, and will be based in London.

Mr Taylor was chairman of TWS public relations, of South Africa, an associate of Hill and Knowlton.

FT CROSSWORD PUZZLE No 6,014

QUARK



ACROSS

1 Supporter for the miners (3-4)
5 For implanting in pine, dig roughly (7)
9 Entire fat (5)
10 Man made them to fashion seat with craft (9)
11 Outer London district. A kind of layer (9)
12 Dog number 10 is a collector's item (5)
13 A group's disposition changes those (5)
15 Proximity of former cricketer's head (9)
18 Ball to select, in the main, in match, in up-to-date way (9)
19 Test style (5)
21 Test score? (5)
23 The stinger's benders — totally suitable? (4, 5)
25 A.B. with salt and ice, lost, in N. European waters (6, 3)
26 You require Nellie? She's hiding (5)
27 Powerful lady takes me back to the iron! (7)
28 It's transpired stage comeback includes Palladium's finale (7)

DOWN

1 Always up front with the news (4, 3)
2 Traipses on joint for army conveyor (9)
3 Check round top of Strad for this? (5)
4 The science exam is realistic (9)
5 Mad lout—bit of nuisance for town (5)
6 It would be unsatisfactory if ten dice became shaken (9)
7 Some rain eursea to bring it on? (5)
8 E.g. USA—so could be in a certain state (9)
14 Fashion seeker not necessarily in one particular party! (9)
16 Treat with 8 substance (9)
17 Flower for example in e.g. what's presented in season? (6, 3)
18 A thousand in voice to vibrate (7)
20 Part of feast, endemic to part of London (4, 3)
22 Bulb lit up somehow (5)
23 Support graduate sister (5)
24 Have it in for a grudge (5)

The solution to last Saturday's prize puzzle will be published with names of winners next Saturday.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

AUTHORISED UNIT TRUSTS & INSURANCES

Sentinel Funds Mngmnt Ltd
30 City Road, London EC1Y 2AY 01-628 6626

American Mngrs	68.6	73 4	+0 5	1 12
Amer Tech & Genl Fd	102 6	109.8	+0 6	0.55
European Growth	30 3	32 4	-0 3	0 03
European Income	34.6	37.0		5 00
Exempt	538.1	576 4		2 03
Intl Growth Fd	28 7	30 7	+0 1	0 13
International Income	56.5	60.5	+0.3	4 96
Jap Tech & Genl	88 0	44 2	+0 5	0 01
Pacific Fund	156.2	161 1	+1 1	0 01
Secure Income Fd	115.6	187 9	+0.3	4 54
Small Co's Fd	30.2	40 9	+0.2	1 45
Special Sits	215 2	230 2	+1.0	2 18
UK General Fund	33.6	36 0	-0 4	2.32

Standard Life Trust Mgmt. Ltd
3 George St, Edinburgh EH2 2XZ 031 225 2552

Managed Trust Acc	23 3	25 0		3.0
Uk Equity Gth Tst Acc	23.3	25 0		2 0
Uk Eq High Inc Tst Inc	23 3	25.0		5.0
UK Eq Gen Tst Ac	28.2	30.2		2.87
UK Equity Gen Tst Inc	25.5	27 3		2.87
Gilt & Fxd Inc Tst Inc	23.3	25.0		2 0
Nrth Amer Tst Acc	23 3	25 0	-	0 75
Far East Frnd Acc	23.3	25.0	-	0 75
European Trust Acc	23 3	25 0		1.25

Stewart Ivory Unit Trust Mgrs Ltd (a)
45 Charlotte Sq, Edinburgh 031-226 3271

American Fund	212.5	226.5		2.34
(Accum. Units)	238.6	254 4		2.34
(Withdrawal Units)	149 1	159.0		2.34
Australian Fund	120.3	128.2		1 04
(Accum Units)	123 9	132 4		1 04
British Fund	593.9	632 7		4 28
(Accum. Units)	799 9	852 3		4.28
European Fund	269 1	286 7		0 90
(Accum. Units)	283.3	301 8		0.90
Japan Fund	269 3	286 9		0 77
(Accum Units)	270.6	288 4		0.77
Savers PPP	165 1	173 8		-

Sun Alliance Fund Management Ltd
Sun Alliance House, Horsham 0403 56293

Equity Tst	391.6	415 9		2 36
North America	54 7	58 1		1 16
Far East	68 F	73 0		0 00

Sun Life Trust Mgmt. Ltd
107 Cheapside, London EC2V 6DU 01-606 6010

American Growth Acc	31.9	34 0	+0 3	1 4
American Income Acc	30 U	32 6	+0 3	5 5
American Income Inc	30.3	32 3	+0.2	5.5
European Growth Acc	49.2	52 3	+0 1	0.0
European Income Acc	24 0	27 5	+0 1	4 5
European Income Inc	24.8	25.5	+0 1	4.5
Far East Growth Acc	39.2	41 7	+0 7	0 6
Int. Growth Acc	33 7	35 9	+0 4	2 0
Japan Growth Acc	47.6	50 6	+0.6	0 1
UK Growth Acc	37.2	39 7	+0.3	2 7
UK Income Acc	33 1	35.2	+0.2	5 3
UK Income Inc	32.3	34.3	+0.2	5 3
Managed Growth Acc	41 5	44.2	+0 7	2 0
Managed High Yield Inc	46.3	49.3	+0 3	7 0
Managed Income Inc	37.8	39 4	+0 0	3.5

Swiss Life Pen. Tst. Man. Co Ltd (a)(e)
99-101 London Rd, Sevenoaks 0732 450161

Equity Dist.*	285 5	302 1		3.31
Equity Acc.*	343.6	363 5		3 31
Fixed Int. Dist.†	131 3	136 0		9 94
Fixed Int. Acc.†	192.6	199 5		9 94

*Prices on May 1. Next dealing May 14
†Prices on May 1. Next dealing May 7

TSB Unit Trusts (b) (c) (y)

Abbey Life—Continued
Pension Funds

Property	349 8	368 3		
Equity	780 2	821 3	+0 3	
Selective	250 4	263 6	-0 1	
Managed	615 2	641 6	+1 0	-
Security	327 1	344 4		-
Fixed Int	205.5	216.4	-1 8	-
Eurolnvest	175 1	185 6	+1 6	-
American	217 9	229 4	+1 0	-
Japan	216 9	228.0	+4 0	-

Aetna Life Insurance Co Ltd
401 St John St, London EC1V 4OE 01-833 2303
Life Funds (Accumulator Units)

Squirrel	10 43	10 98		-
Bear	11 34	11 94		-
Owl	11 01	12 44		-
Bull	12 53	13 19		-
Stag	12 23	12.88		-
Gilt-Edged		11 20		-
Deposit		9 60		-

Pension Funds (Accumulator Units)

Squirrel	11 01	11 59		-
Bear	12 19	12.84		-
Owl	12 78	13 46		-
Bull	13 07	14 61		-
Stag	13.53	14.25		-
Gilt-Edged		11 23		-
Deposit		9 67		-
Exempt Approved				
Mixed Managed	111 03	131 71		-

Albany Life Assurance Co Ltd
3 Darkes Lane, Potters Bar 0707 42311

Equity Fd. Acc	712 8	749 6	-5.4	-
European Fd Accum	194 4	204 6	+0 8	-
Fixed Int Acc	301 4	323 9	-0.2	-
Gtd Money Fd Acc	196.0	206 3		-
Intl. Man. Fd Acc	289.9	305.1	-1 6	-
Intl Fxd Int Fd Acc	175.6	184 8	+0 1	-
Japan Fund	215 6	226 9	+0 9	-
Nth American Fd Acc	160 5	168 9	-3 0	-
Prop. Fd. Acc	198 6	209 0	+0 1	-
Multiple Inv. Acc	498 1	524 3	-2 7	-

Pension Funds

Eq Pen Fd Acc	1286.8	1354 5	-13 9	-
Euro FD Acc	249 3	262 6	+1 6	
Fixed Int. Acc	578 1	608 4	-0 6	
Gt Money Pn Acc	316.2	332.8	+0 1	
Intl Man Fd	403 6	424 8	-3.3	
Jap Pen Fd Acc	281.6	296.3	+1 0	
N Am Pn Fd Acc	184 9	194 6	-4 6	
Property	290 1	305 3	+0 1	
Multiple Inv Pens. Acc	922.6	971 1	-7.0	

Allied Dunbar Assurance Plc
Allied Dunbar Ctr, Swindon SN1 1EL 0793 28291

Fixed Int Dep Acc	216 6	228 1	+0 3	-
Equity Acc	643 9	677 8	+3 9	-
Property Acc	311 5	327 9		-
Far East Acc	132 5	139 5	-1 7	-
Managed Cap	316 0	332 7	+1 4	-
Managed Acc	510 3	537 2	+2 5	-
O'seas Earnings Acc	423 5	445 8	+1 4	-
Gilt Edged Acc	274 2	288 7	+1.3	-
American Equity Acc	357 8	372 5	-4 5	-
American Man Acc	168 0	177.7	-1 6	-
American Prop Acc	125.2	131.8		

Pen.F I.Dep Cap	238.8	251.4		
Pen.F I.Dep Acc	366 7	386 0		-
Pen. Prop Cap	379 2	399.3		-
Pen. Prop Acc	643.5	677 4		

INSURANCES

INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

World Fund S.A.
2 Boulevard Royal, Luxembourg

World Wide Growth Management
10a, Boulevard Royal, Luxembourg

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg

Zero Bond Fund Limited
PO Box 208, St Peter Port, Guernsey 0481 26268

Money Market Trust Funds

The Charities Deposit Fund
77 London Wall, London EC2N 1DB 01 588 1815
Deposit 10.79

The Money Market Trust
63 Qn Victoria St EC4N 4ST 01 236 0952

Oppenheimer Money Management Ltd
66 Cannon St, EC4N 6AE 01-236 1425

Money Market Bank Accounts

	Gross	Net	Cr Equiv CAR	Int Cr
Adam & Co. plc — 22 Charlotte Sq, Edinburgh EH2 4DF 031-225 8484				
Full Service Cur Acc	10.00	7.20	10.14	Qtr
Aitken Hume — 30 City Road, EC1Y 2AY 01-638 6070				
Treasury Acc	9.75	7.29	10.54	Qtr
48th Int Chq	9.75	7.29	10.63	Mth
Allied Arab Bank Ltd — 97-101 Cannon St London, EC4N 5AD 01-283 9111				
HIBCA	11.125	8.32	12.17	Mth
Bank of Scotland — 38 Threadneedle St, EC2P 2EH 01-628 8060				
Money Mkt Cheque Acc	9.70	7.25	10.56	Mth
Barclays Prime Account — PO Box 125, Northampton 0604 252891				
High Int. Cheque	9.75	7.125	10.31	Qtr
Britannia Investment Services Ltd. — 74-78 Finsbury Pavement, EC2A 1JD. 01-588 2777				
Cater Allen	10.00	7.48	10.8693	Mth
Charterhouse Japhet plc — 1 Paternoster Row, EC4M 7DH. 01-248 3999				
Sterling	10.13	7.57	11.04	Mth
U.S. Dollar	6.25	4.67	6.73	Mth
German Marks	4.00	2.99	4.27	Mth
Swiss Francs	1.50	1.12	1.59	Mth
Japanese Yen	4.50	3.36	4.61	Mth
Citibank Savings — St Martins Hse, Hammersmith Grove 01-741 4941				
Money Market Plus	25,000+	7.40	10.79	Mth

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ⊕ Yield column shows annualised rates of NAV increase. xd ex dividend.

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		p
Allied-Lyons	28	Marks & Spencer	18
BAT	38	Midland Bk	44
BOC Grp	32	NEI	11
BSR	14	Nat West Bk	70
BTR	45	P & O Dfd	45
Babcock	20	Plessey	20
Barclays	45	Polly Peck	16
Beecham	32	Racal Elect	17
Blue Circle	55	RHM	20
Boots	26	Rank Org Ord	48
Bowaters	30	Reed Intnl	75
Brit Aerospace	49	Sears	12
Brit. Telecom	17	TI	42
Brown (J.)	3	Tesco	30
Burton Ord	32	Thorn EMI	35
Cadburys	17	Trust Houses	12
Charter Cons	22	Turner Newall	18
Comm Union	28	Unilever	120
Courtaulds	26	Vickers	40
Distillers	52	Wellcome	19
FNFC	15	**Property**	
Gen Accident	75	Brit Land	16
Gen Electric	17	Land Secs	30
Glaxo	100	MEPC	32
Grand Met	34	Peachey	24
GUS 'A'	75	Samuel Props	18
Guardian	75	**Oils**	
GKN	32	Brit. Oil & Min	2½
Hanson Tst	16	Brit Petroleum	48
Hawker Sidc	52	Burmah Oil	30
ICI	50	Charterhall	3
'Imps'	28	Premier	3½
Jaguar	27	Shell	55
Ladbroke	32	Tricentrol	15
Legal & Gen	77	Ultramar	18
Lex Service	38	**Mines**	
Lloyds Bank	55	Cons Gold	40
Lucas Inds	60	Lonrho	25
		Rio T Zinc	50

A selection of Options traded is given on the London Stock Exchange Report Page.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Cont.

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Cont

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's	P/E
July	Oct	Costain Group	528	16.9	17.0	♦	4.6	♦
Sept.	Apr	Countryside Props	405	10.2	5.74	3.1	2.0	10.2
Oct.	April	Crouch (D.) 20p	116	10.3	5.93	♦	6.1	♦
Sept	Mar	Dew (George) 25p	98	24.2	6.0	1.2	8.6	13.9
October		Douglas (Robt. M.)	85	10.2	1.75	2.6	2.9	15.1
October		Dunton Group 5p	22	1.4	0.24	4.3	1.5	16.9
May	Oct	E.B.C. 50p	188	1.4	7.15	2.5	3.6	10.0
Dec.	June	Erith	90	14.4	3.3	♦	3.2	♦
February		Fairbriar 10p	150	23.12	R4.0	2.7	3.8	13.8
Dec	June	Feb. Intl. 10p	80	11.11	2.9	0.7	7.3	43.0
Dec	June	Do. 'A' 10p	58	11.11	2.9	0.7	10.1	31.5
Oct	Apr	Federated Housing 5p	103	17.4	3.3	3.0	4.3	10.4
Jan	Oct	Finlan Group 10p	58	10.2	3.04	0.9	9.2	22.6
Apr	Nov.	Galliford 5p	88	10.3	4.4	1.5	7.0	11.7
	May	Gibbs Dandy 4 10p	44	14.4	1.8	2.0	3.8	17.0
July	Jan	Gleeson (M.J.) 10p	373	25.11	5.37	5.4	2.0	12.8
Feb.	Oct	HAT Group 10p	110	13.1	13.7	2.3	4.7	11.0
—	—	Helical Bar	176	6.81	—	—	—	♦
Dec	July	Henderson Group	237	11.11	6.0	2.6	3.6	13.4
Dec	July	Hewden-Stuart 10p	79	14.10	1.7	♦	3.1	♦
Jan	July	Do. 10pcLn 03-08	£192	9.12	010%	—	—	—
April	Oct	Heywood Williams	214	21.3	6.75	2.0	4.4	13.8
Dec.	June	Higgs & Hill	597	28.4	11.6	♦	3.2	♦
Oct.	Mar	Howard Shut 10p	34	10.2	1.4	1.6	5.8	12.9
Dec	May	Ibstock Johnsen	190	14.4	4.8	2.5	3.6	11.9
—		Imnl Amco Cpn	45	—	—	—	—	—
Mar.	Oct.	Jarvis (J.)	315	16.9	17.5	—	—	—
	April	Jaybard	46	11.3	0.25	3.9	0.8	35.6
Mar	Oct	Jennings A$0.50	100	3.3	Q20%	2.1	4.8	4.9
Apr	Oct	Johnston Pls. 10p	78	10.3	4.27	2.1	7.7	8.8
	July	Lafarge Cop F100	£146	4.7	Q23.25%	1.5	1.5	45.6
Nov	July	Laing (John)	447	14.4	7.0	5.1	2.2	12.5
Feb.	Aug	Latham (J.) £1	275	23.12	13.25	1.8	6.8	9.7
Jan.	July	Lawrence (W.)	98	28.4	3.65	3.0	3.4	7.6

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INDUSTRIALS—Continued

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's	P/E
July	Jan	Midland Marts	145	25.11	4.0	2.1	1.9	17.3
Jan	May	Mitchell Cott.	68	10.3	4.25	1.5	8.8	9.6
—		Monk & Crane 10p	103	—	4.27	2.3	3.7	14.2
Jan	July	Morgan Crucible	303xd	28.4	0.5	◆	4.0	◆
May		Morris (W.) F.4 20p	22	—	0.5	◆	3.2	◆
Jan.	Aug.	Moss (Robt.) 10p	132	25.11	4.3	2.7	3.2	14.2
July		Myson Grp 10p	91	24.2	2.63	2.6	4.1	11.6
Nov	June	NMW Computers	335	24.2	6.0	3.0	0.9	19.3
Mar.	Sept.	Nash Inds.	28	13.1	0.5	—	2.5	—
—		Neil & Spencer 10p	18	3.81	—	—	—	5.4
Jan	July	Newman Inds. 10p	37	14.4	0.8	◆	3.1	◆
April	Dec.	Nolton	56	11.11	0.75	5.9	2.4	8.0
—		Norank Systems 5p	126	—	3.0	◆	3.4	◆
Jan.	Aug.	Norcros	255	23.12	18.6	2.0	4.7	13.9
Oct.	April	Nu Swift 5p	85	14.10	3.5	◆	6.0	◆
Feb.	Aug.	Oakwood Grp.	118	27.1	5.0	1.5	6.4	15.3
Dec	July	Office & Elect.	245	28.10	8.5	◆	5.0	◆
October		Oldacre 20p	85	10.2	14.0	2.6	6.6	7.5
—		Optometrics $0.01	24	—	0.02	2.1	6.5	0.0
May	Nov	Ordlame £1	755xd	28.4	24.5	◆	0.2	◆
Jan.	June	Overstone 12½p	9	25.11	0.23	1.9	11.6	4.5
May	Nov	Oxalid 9pc Cnv 87-92	£270	14.4	09%	—	13.4	—
December		PC7 Grp 10p	85	25.11	3.2	1.2	7.8	20.9
April		PLM 'B' Sk 25	£15¼	3.4	023.2%	0.3	4.3	—
June	Dec	PSM Intl.	162	11.11	5.5	◆	4.9	◆
—		Pacer Systems $0.01	210	25.4	[illegible]	3.4	1.3	23.4
Apr.	Dec.	Pacific Sales 10p	58	1.4	3.0	1.2	7.3	15.8
May	Nov	Park Place 10p	260	1.4	16.25	1.9	3.4	21.8
Apr	Nov	Parker Knoll 'A'	415	1.4	19.5	2.9	3.2	15.1
February		Parkfield Group 5p	525	23.12	12.4	2.4	0.6	87.8

LEISURE—Continued

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's	P/E
Jan	July	Leisuretime Int 10p	98	1.4	2.3	◆	1.3	◆
—		Lowmar	115	—	2.63	3.0	1.2	14.2
14.2		Media Tech Int 20p	173	24.2	2.58	5.4	2.1	14.1
Apr.	Dec	Medminster 10p	145	10.3	15.35	2.7	3.2	9.9
Oct	May	Miss World 10p	175	1.4	5.2	3.3	4.2	10.1
May	Oct	Nationwide Leisure	75	16.9	3.75	◆	7.2	◆
—		Nimslo Int 20c	11½	—	—	—	—	—
July		Owners Abroad 3p	30½xd	28.4	1.5	◆	6.9	◆
—		Photax (Lon.)	65	4.82	—	—	—	◆
Apr	Sept	P'ality Radio NV 5p	38	24.2	2.0	1.2	9.4	12.7
—		Pineapple Dnc St 10p	64	12.84	—	—	—	—
Sept.	Apr.	Pleasurama 5p	320	2.9	7.5	◆	3.4	◆
Sept.	Mar.	Do. 7pcCvCmRedPf	144	10.2	7%	—	6.8	—
May	Nov	Prest Entertain 50p	123xd	28.4	2.0	3.2	2.4	18.1
—		Radio City 'A' NV	95	12.84	—	—	—	—
Jan	July	Radio Clyde NV	35	23.12	3.25	0.9	13.1	11.4
—		Really Useful Grp 5p	372	1.4	11.25	2.2	4.3	15.3
—		Riley Leisure 10p	49	10.84	—	—	—	—
Apr.	Nov.	Saga Hols. 20p	183	10.3	4.6	◆	3.5	◆
Apr	May	Samuelson Grp 20p	295	24.2	12.4	6.0	1.1	23.1
Jan	July	Sanger's Photo 10p	120	28.10	4.0	1.9	2.3	31.3
July	Dec	Scaess 50p	165	11.11	4.0	3.3	3.5	11.7
Dec.	May	Scott. TV 'A' 10p	335	14.4	10.5	◆	4.4	◆
—		SeaCo Inc $0.125	173	1.84	—	—	—	—
—		Select TV 10p	23	—	—	—	—	—
—		Spectrum 5p	22	—	0.20	4.8	‡	2.3
May	Nov	TSW 5p	41	1.4	1.7	2.4	5.8	9.9
Mar	Aug	TVS N/Vtg 10p	223	10.2	8.0	2.5	5.1	11.3
May	Oct	Television Svcs 50p	150xd	28.4	2.0	◆	1.9	◆
Apr	Nov	Tottenham Hotspur	62	16.9	4.0	—	‡	—

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INSURANCES

PROPERTY

LEISURE

INVESTMENT TRUSTS—Cont.

Finance, Land, etc

FINANCE, LAND—Cont.

OIL AND GAS

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

MINES—Continued

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

Tins

Miscellaneous

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 29 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ◆ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- ♦ Forecast dividend, cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ǁ No par value.

B Fr. Belgian Francs. Fr. French Francs. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Figures based on prospectus or official estimates for 1984. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	123	......	Fin. 13% 97/02	£127	......
Craig & Rose £1	£13	......	Arnotts	320	−10
Finlay Pkg. 5p	46	......	CPI Hldgs	60	......
Holt (Jos) 25p	780	......	Carroll Inds	190	......
IoM Stm. £1	92	+2	Dublin Gas	33	......
			Hall (R. & H.)	65	−1
IRISH			Heiton Hldgs.	29½	+2½
Fund 11¼% 1988	£104	−¼	Irish Ropes	87	......
Nat. 9¾% 84/89	£102	−¼	Unidare	196	......

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CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Temporary lull for the dollar

BY COLIN MILLHAM

The dollar's pause in its downward drift continued last week, but this may turn out to be an artificially created situation, resulting from the Tokyo summit.

Ahead of the Group of Seven summit meeting the foreign exchanges became very nervous. The Bank of Japan and German Bundesbank took advantage of this, to push the dollar up, without recourse to large scale intervention. The Japanese central bank bought a small amount of dollars in Tokyo on Monday, when the US currency fell to Y167, and Mr Karl Otto Poehl, president of the Bundesbank, confirmed German intervention on the same day. Market estimates suggested the Bundesbank bought a modest $50m to $200m, but this was enough to frighten the market, and push the dollar up from a low of DM 2.1520.

The dollar jumped about 3½ pfennigs on the news that the Bundesbank was in the market, and flushed with the success Mr Poehl said later in the week, that the US currency should not fall any further against the D-mark.

Several Japanese ministers have tried over the last few months to tell the market that the dollar should not fall any further against the yen, but without success.

When US interest rates were high, and yields on Government paper attractive, the market was prepared to ignore the widening US trade deficit, but falling interest rates have re-established economic fundamentals.

The US trade deficit in March was $14.52bn, compared with expectations of a figure slightly better than the February deficit of $12.49bn. Japan's trade surplus for the last financial year was a record $61.64bn, compared with $45.60bn, and has been forecast to exceed $70bn this year. The German trade surplus may reach $25bn.

This is in spite of a steady fall in the dollar's value since the New York Group of Five meeting last September. Since then, the US currency has fallen from about Y240 to Y170, and from DM 2.80 to DM 2.20.

The Reagan Administration believes there is room for faster growth in Japan and Germany, and that both countries should attract more imports, to correct the imbalance in world trade. Inflation in Japan is about 1 per cent, and in Germany has almost ceased to exist. But the Bonn Government is reluctant to cut interest rates, to boost growth, at a time when German money supply has been rising, and the D-mark has been technically weak against the French franc, following last month's realignment of the European Monetary System. Japan recently cut interest rates, but only after the US moved first.

If Japan and Germany are unwilling to move in the direction of faster growth there seems little alternative to a further fall in the value of the dollar, to improve the competitive position of US exports, and for a further appreciation by the yen and the D-mark.

There is something else the US could do, and that is to bow to the protectionist lobby, and forceably cut down on the amount of manufactured goods flowing into the country. This is only likely to lead to other countries taking similar measures, however, as goods prevented from entering the US seek other homes.

This would be regarded as a disaster for the principles of free trade, and in the absence of any other solution the most likely development in the next few months is for the dollar to continue to fall, and the yen and D-mark to rise.

£ IN NEW YORK

May 6	Close	Prev. close
£ Spot	$1.5265-1.5245	$1.5265-1.5275
1 month	0.53-0.52pm	0.58-0.50pm
3 months	1.38-1.35pm	1.55-1.50pm
12 months	3.77-3.70pm	3.60-3.55pm

Forward premiums and discounts apply to the U.S. dollar

CURRENCY MOVEMENTS

May 6	Bank of England Index	Morgan Guaranty Change %
Sterling	75.0	−15.5
U.S. dollar	114.5	+5.8
Canadian dollar	78.7	−11.8
Austrian schilling	136.5	+7.2
Belgian franc	90.5	−7.2
Danish Krone	86.0	−1.4
Deutsche mark	125.5	+14.7
Swiss franc	157.6	+15.4
Guilder	125.0	+2.1
French franc	59.4	−13.3
Lira	45.3	−17.8
Yen	201.4	+48.2

Morgan Guaranty changes: average 1980-1982=100. Bank of England index (base average 1975=100).

OTHER CURRENCIES

May 6	£	$
Arg'tina	1.9780-1.2805	0.8400-0.8410
Aus'alia	2.0765-2.0775	1.3610-1.3694
Brazil	20.95-21.08	13.77-13.84
Finland	7.5958-7.6456	5.0160-5.0140
Greece	208.15-213.40	137.60-140.40
H'kong	11.8189-11.8274	7.7920-7.7940
Iran	121.10*	78.45*
Kuwait	0.4385-0.4410	[illegible]
Lux'burg	68.45-68.65	44.85-45.05
Malaysia	3.8974-3.9078	2.5625-2.5675
N'Z'land	2.6335-2.6410	1.7286-1.7350
Saudi Ar.	5.5700-5.6780	3.6490-3.6505
Sin'pore	3.3336-3.3377	2.1970-2.2000
S Af (Cm)	3.1549-3.1594	2.0795-2.0768
S.Af. (Fn)	5.1895-5.1466	3.3229-3.3366
U.A.E.	5.6046-5.6160	3.6715-3.6745

* Selling rate.

CURRENCY RATES

May 2	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.767338	0.839805
US $	6½	1.15204	0.971274
Canadian $	8.87	*	1.33968
Austria Sch	4	18.1435	15.1033
Belgian Fr	8¾	52.6885	43.8679
Danish Kr	7	9.55106	7.94991
D'mark	3½	N/A	2.14943
Guilder	4½	2.90740	[illegible]
French Fr	9½	N/A	6.84748
Lira	12	N/A	1472.94
Yen	3½	199.65	164.832
Norway Kr.	8	8.81017	6.81834
Span'h Pta.	—	N/A	166.970
Swedish Kr	8	8.61491	8.88148
Swiss Fr.	4	2.15945	1.79948
Greek Drch	20½	N/A	166.978
Irish Punt	—	N/A	0.705611

* C$/SDR rate for May 1: 1.61593.

POUND SPOT—FORWARD AGAINST POUND

May 2	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.5100-1.5285	1.5215-1.5225	0.53-0.50c pm	4.06	1.35-1.30pm	3.48
Canada	2.0890-2.1078	2.1005-2.1015	0.42-0.30c pm	2.06	0.87-0.70pm	1.49
Nethlnd.	3.77¼-3.79¾	3.78¾-3.78¾	1⅝-1½c pm	5.15	4⅝-4⅜pm	4.95
Belgium	68.31-68.94	68.45-68.55	16-10c pm	2.18	42-31pm	2.13
Denmark	12.39-12.47½	12.40¼-12.40¾	4-3½ore pm	2.62	10-9¼pm	3.08
Ireland	1.0977-1.1105	1.1034-1.1044	0.05-0.15p dis	−1.08	par-0.20dis	−0.36
W. Ger.	3.34½-3.37½	3.36½-3.37½	1⅞-1½pf pm	6.23	5-4½pm	0.71
Portugal	215½-226¼	216¼-226¼	125-365c dis	−13.58	385-1075dis	−18.58
Spain	213-214	213½-214	20-80c dis	−2.26	70-185dis	−2.38
Italy	2295-2314	2301½-2302½	1-6 lire dis	−1.58	6-14dis	−1.91
Norway	10.68½-10.75	10.73½-10.74	6½-7ore dis	−7.40	16-16½dis	−6.10
France	10.66½-10.73¾	10.72-10.72½	2⅞-2⅛c pm	2.72	7½-6½pm	2.61
Sweden	10.74½-10.83½	10.77¾-10.78¾	⅛-⅞ore dis	−0.55	1⅛-1¾dis	−0.55
Japan	256¾-258¾	258-258½	1½-1¼y pm	6.38	3¾-3½pm	6.61
Austria	23.49-23.72	23.65-23.72	13½-11⅞gro pm	6.42	34½-30½pm	5.46
Switz.	2.80½-2.82¾	2.81¾-2.82¾	1¾-1½c pm	6.91	4½-4¼pm	6.11

Belgian rate is for convertible francs. Financial franc 68.80-68.90. Six-month forward dollar 2.30-2.23c pm, 12-month 3.80-3.70c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

May 2	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.5100-1.5285	1.5215-1.5225	0.53-0.50c pm	4.06	1.35-1.30pm	3.48
Ireland†	1.3675-1.3840	1.3790-1.3805	0.60-0.50c pm	4.76	1.35-1.10pm	3.56
Canada	1.3755-1.3793	1.3770-1.3780	0.22-0.25c dis	−2.05	0.71-0.75dis	−1.09
Nethlnd.	2.4815-2.5140	2.4865-2.4885	0.23-0.21c pm	1.07	0.83-0.80pm	1.32
Belgium	44.83-45.50	44.95-45.05	6-8c dis	−1.86	13-18dis	−1.38
Denmark	8.10-8.27	8.10-8.20	par-½ore dis	−0.37	par-¾dis	−0.18
W. Ger.	2.1980-2.2320	2.2135-2.2145	0.45-0.40pf pm	2.31	1.26-1.21pm	2.34
Portugal	147-147¾	147½-147¾	140-290c dis	−17.52	400-840dis	−16.84
Spain	139.75-141.40	139.75-139.95	60-80c dis	−6.00	175-205dis	−5.43
Italy	1508-1530	1512-1513	10½-15 lire dis	−4.03	23-24½dis	−6.27
Norway	7.0000-7.0565	7.0545-7.0565	—	—	—	—
France	7.040-7.1075	7.0440-7.0460	0.65-0.73c dis	−1.17	1.45-1.65dis	−0.88
Sweden	7.0700-7.0850	7.0820-7.0830	2½-3ore dis	−4.87	7½-7¾dis	−4.30
Japan	168.15-170.80	168.70-169.80	0.36-0.33y pm	2.44	0.95-0.91pm	2.19
Austria	15.46-15.69	15.54-15.56	3½-2½gro pm	2.22	8¼-4⅞pm	1.87
Switz.	1.8400-1.8685	1.8520-1.8530	0.43-0.38c pm	2.63	1.23-1.18pm	2.60

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 45.20-45.30.

FORWARD RATES AGAINST STERLING

	Spot	1-month	3-month	6-month	12-month
Dollar	1.5220	1.5169	1.5088	1.4992	1.4850
D-Mark	3.3700	3.3522	3.3220	3.2820	3.2142
French Franc	10.7225	10.6958	10.6529	10.5999	10.5329
Swiss Franc	2.8200	2.8039	2.7771	2.7399	2.6763
Japanese Yen	258.25	256.84	254.60	251.72	248.85

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu May 2	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	43.6761	43.8679	+0.42	+0.53	±1.5388
Danish Krone	7.91896	7.94991	+0.38	+0.49	±1.6405
German D-mark	2.13834	2.14943	+0.52	+0.63	±1.1202
French Franc	6.96280	6.84748	−1.66	−1.55	±1.3701
Dutch Guilder	2.40935	2.42333	+0.58	+0.69	±1.5081
Irish Punt	0.712956	0.705611	−1.58	−1.58	±1.6668
Italian Lira	1496.21	1472.94	−1.63	−0.92	±4.0788

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EURO-CURRENCY INTEREST RATES

May 6	Short term	7 Days notice	1 Month	Three Months	Six Months	One Year
Sterling	10⅛-10⅜	10½-10¾	10¼-10⅞	10⅜-10½	9⅞-10⅛	9⅞-9⅞
U.S. Dollar	6 11/16-7 1/16	6 11/16-7 1/16	6⅞-7	6 11/16-6 13/16	6 11/16-6 13/16	6 13/16-6 15/16
Can Dollar	8¾-8⅞	8½-9	8 11/16-8 13/16	8 11/16-8 13/16	8 11/16-8 13/16	8 11/16-8 13/16
D Guilder	6-6¼	6-6¼	6 1/16-6 3/16	5 13/16-5 15/16	5⅜-5½	5 11/16-5 13/16
Sw. Franc	4⅜-4⅝	6⅛-3¾	4¼-4⅜	4 5/16-4 7/16	4-4⅛	3 15/16-4 1/16
Deutschmark	4⅞-5	4¾-4⅞	4⅝-4¾	4⅜-4½	4⅜-4½	4 5/16-4 7/16
Fr. Franc	8¼-8¾	8¼-8¾	7⅞-8	7¼-7⅜	7⅛-7⅜	7⅛-7⅜
Italian Lira	11¾-13¼	11½-12¾	11⅛-12⅛	12-12½	12-12½	16-13½
B.Fr.(Fin)	8⅛-8¾	8¾-9	8⅜-8⅝	8⅛-8⅜	7⅛-7¾	7¼-7⅛
B.Fr.(Con)	8¾-8¼	8¾-2¼	8⅛-9	8⅛-8⅜	7½-8	7¼-7¾
Yen	4⅝-4⅞	4⅝-4¾	4 11/16-4¾	4 11/16-4¾	4⅝-4 11/16	4 11/16-4¾
D. Krone	7⅜-8⅛	7¼-7¾	7½-8	7¼-7¾	7¼-7¾	7⅜-7¾
Asian $ (Sng)	7-7⅛	7-7⅛	6⅞-7	6 11/16-6 13/16	6 11/16-6 13/16	6 11/16-6 13/16

Long-term Eurodollars: two years 7¼-7½ per cent; three years 7½-7⅝ per cent; five years 8-8¼ per cent nominal. Short-term rates are call for US dollars and Japanese yen; others, two days' notice.

LIFFE LONG GILT FUTURES OPTIONS

[illegible]

LIFFE US TREASURY BOND FUTURES OPTIONS

[illegible]

LIFFE £/$ OPTIONS

£25,000 (cents per £1)

[illegible]

LONDON SE £/$ OPTIONS

£12,500 (cents per £1)

[illegible]

PHILADELPHIA SE £/$ OPTIONS

£12,500 (cents per £1)

[illegible]

LIFFE—EURODOLLAR OPTIONS

$1m points of 100%

[illegible]

CHICAGO

US TREASURY BONDS (CBT)

8% $100,000 32nds of 100%

[illegible]

US TREASURY BILLS (IMM)

$1m points of 100%

[illegible]

THREE-MONTH EURODOLLAR (IMM)

$1m points of 100%

	Latest	High	Low	Prev
Jun	93.25	93.29	93.18	93.12
Sept	93.25	93.29	93.16	93.18
Dec	93.15	93.18	93.04	93.06
Mar	92.94	92.96	92.87	92.84
Jun	—	92.71	92.64	92.60
Sept	—	92.46	92.41	92.37
Dec	—	92.25	92.20	92.16
Mar	—	92.04	92.00	91.98

CERT. DEPOSIT (IMM)

$1m points of 100%

[illegible]

CURRENCY FUTURES

[illegible]

20-YEAR 12% NOTIONAL GILT

[illegible]

FT-SE 100 INDEX

[illegible]

THREE-MONTH EURODOLLAR

[illegible]

US TREASURY BONDS

[illegible]

LONDON

10% NOTIONAL SHORT GILT

[illegible]

THREE-MONTH STERLING

[illegible]

EXCHANGE CROSS RATES

[illegible]

MONEY MARKETS

London quiet before summit

Interest rates showed little movement in London last week. Three-month interbank hovered around 10¼ per cent, in line with the present level of clearing bank base rates. Discount houses became more willing to sell bills to the Bank of England in the latter part of the week, to relieve some fairly large money market shortages. Three discount houses made up their books for the financial year end on Wednesday, and the houses prefer to hold as many bills as possible at such times, to maximise the size of their books.

Apart from this technical consideration, involving certain houses, the money market was very quiet. During the previous week the Bank of England lent funds to the market, at a penal rate, to indicate that base rates were not to be cut to 10 per cent.

There was no further pressure last week, as dealers awaited the outcome of the Tokyo summit. Hopes of lower base rates also faded ahead of today's mid-April money supply figures.

A cut in base rates last month came a day before disappointing mid-March figures. The general downward trend in world interest rates enabled the market to ignore a rise of 2.2 per cent in sterling M3, but today's figure is expected to be no better, and possibly worse, reinforcing the recent concern about rising money supply growth.

Sentiment has changed, as the dollar weakened, and the prospects for lower US interest rates have receded.

UK clearing bank base lending rate 10½ per cent since April 21

WEEKLY CHANGE IN WORLD INTEREST RATES

	May 2	change
LONDON		
Base rates	10½	Unch'd
7 day interbank	10 5/16	−¼
6mth interbank	10 3/16	+1/16
Treasury Bill Tender	9.8183	+0.0713
Band 1 Bills	10⅛	Unch'd
Band 2 Bills	10 1/16	Unch'd
Band 3 Bills	10¼	Unch'd
Band 4 Bills	10 3/16	Unch'd
1 Mth. Treasury Bills	10	−1/16
3 Mth. Bank Bills	10 3/32	+1/32
6 Mth. Bank Bills	10 1/32	+1/32
TOKYO		
One month Bills	4.53165	Unch'd
Three month Bills	4.65623	Unch'd
BRUSSELS		
One month	8 3/16	+1/16
Three month	6¼	+¼
AMSTERDAM		
One month	6 1/16	+¼
Three month	5⅛	+¼
NEW YORK		
Prime rates	8½	Unch'd
Federal funds	5¾	+1/16
3 Mth. Treasury Bills	6.34	+1.08
6 Mth. Treasury Bills	5.45	+0.98
3 Mth. C D	6.69	+0.06
FRANKFURT		
Lombard	5.5	Unch'd
One mth. Interbank	4.575	Unch'd
Three month	4.475	+0.05
PARIS		
Intervention Rate	7¼	−¼
One mth. Interbank	7⅝	+1/16
Three month	7 1/16	+1/16
MILAN		
One month	13 1/16	−¾
Three month	16 1/16	−⅞
DUBLIN		
One month	11⅛	−½
Three month	10⅜	−⅛

London—band 1 bills mature in up to 14 days, band 2 bills 15 to 33 days, band 3 bills 34 to 63 days and band 4 bills 64 to 91 days. Rates quoted represent Bank of England buying or selling rates with the money market. In other centres rates are generally deposit rates in the domestic money market and their respective changes during the week.

MONEY RATES

May 6	Ov'r-nig't	One Month	Two Months	Three Months	Six Months	Lombard In'v'Dn
Frankfurt	4.50-4.60	4.50-4.55	4.40-4.55	4.40-4.55	4.40-4.55	5.5
Paris	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Zurich	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Amsterdam	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tokyo	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Milan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Brussels	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dublin	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

NEW YORK RATES

(Lunchtime)

Prime rate	8
Broker loan rate	7¾
Fed funds	6 11/16
Fed funds at intervention	6 11/16

Treasury Bills & Bonds

One month	[illegible]
Two month	[illegible]
Three month	[illegible]
Six month	[illegible]
One year	[illegible]
Two year	[illegible]
Three year	[illegible]
Four year	[illegible]
Five year	[illegible]
Seven year	[illegible]
10 year	[illegible]
30 year	[illegible]

BANK OF ENGLAND TREASURY BILL TENDER

	May 2	April 25		May 2	April 25
Bills on offer	£100m	£100m	Top Accepted rate of Discount	9.0673%	9.9470%
Total of applications	£350.62m	£407m	Average rate of discount	9.8183%	9.8470%
Total allocated	£100m	£100m	Average yield	10.17%	10.09%
Minimum accepted bid	£97.615m	£97.545	Amount on offer at next tender	£100m	£100m
Allotment at minimum level	34%	100%			

FT LONDON INTERBANK FIXING

(11.00 a.m. May 2)

Three months US dollars		Six months US dollars	
bid 6 11/16	Offer 6 13/16	bid 6 11/16	Offer 6 13/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

LONDON MONEY RATES

May 2	Over night	7 days notice	Month	Three Months	Six Months	One Year
Interbank	0-11	10¾-11⅛	10 11/16-10⅞	10⅜-10½	9⅞-10⅛	9⅞-9 15/16
Sterling CDs	—	—	10 11/16-10 9/16	10⅜-10¼	9 15/16-9 13/16	[illegible]
Local Authority Depos	10½-10⅞	10¾-10⅞	10¾	10⅜	10	9½
Local Authority Bonds	—	—	11	10⅜	10¼	9⅞
Discount Mkt. Depos.	7-10	10¾	10½	[illegible]	[illegible]	[illegible]
Company Depos.	10⅝-11⅛	10 11/16-11	10¾-11	[illegible]	[illegible]	[illegible]
Finance House Depos	—	—	10⅞	[illegible]	[illegible]	[illegible]
Treasury Bills (Buy)	—	—	10⅜	[illegible]	[illegible]	[illegible]
Bank Bills (Buy)	—	—	10 5/32	[illegible]	[illegible]	[illegible]
Fine Trade Bills (Buy)	—	—	11 1/16	[illegible]	[illegible]	[illegible]
Dollar CDs	—	—	6.70-6.75	[illegible]	[illegible]	[illegible]
SDR Linked Depos	—	—	6⅛-6¼	[illegible]	[illegible]	[illegible]
ECU Depos	—	—	7 13/16-8 1/16	[illegible]	[illegible]	[illegible]

Treasury Bills (sell): one-month 10 5/16 per cent; [illegible] Bank Bills (sell): one-month 10½ per cent; [illegible] Treasury Bills: Average tender rate of discount [illegible] Finance Scheme IV reference date March 5 to April [illegible]

£ WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on May 2, 1986. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on US dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fn) financial rate (exC) exchange certificate rate; (nc) non commercial rate; (nom) nominal; (o) official rate; (sg) selling rate; (c) controlled rate; (u) unified rate.

COUNTRY	CURRENCY	VALUE OF £ STERLING
[illegible]	[illegible]	[illegible]

Company Notices

FLEMING JAPAN FUND

Notice of Meeting

[illegible]

WORLD STOCK MARKETS

AUSTRIA

May 5	Price Sch.	+ or −
Credit'stalt pp	2,570	+30
Goesser	3,605	+50
Interunfall	14,500	
Jungbunzlauer	20,400	+300
Laenderbank	2,450	+85
Perlmooser	745	+15
Steyr-Daimler	180	−5
Veitscher Mag	11,220	+20

BELGIUM/LUXEMBOURG

May 5	Price Frs.	+ or −
B.B.L.	3,100	−10
Banq. Gen. Lux	15,600	
Banq. Int. A. Lux	16,500	
Bekaert	13,500	+260
Ciment CBR	3,880	+30
Cockerill	191	+6
Delhaize	19,000	+460
EBES	4,940	+110
Electrobel	14,650	−850
Fabrique Nat	2,400	−10
GB Inno BM	7,360	−80
GBL (Brux)	3,290	
Generale Bank	6,390	−60
Gevaert	6,260	−210
Hoboken	7,420	+10
Intercom	3,890	+90
Kredietbank	15,178	+100
Pan Hldgs	10,850	+50
Petrofina	7,650	+140
Royale Belge	24,200	−200
Soc. Gen. Belge	3,080	+40
Sofina	10,180	−200
Solvay	8,290	−315
Stanwick Intl	460	
Tractionel	5,600	−20
UCB	7,000	+55
Wagon Lits	6,890	

DENMARK

May 5	Price Kr %	+ or −
Andelsbanken	379	
Baltica Skand	665	+5
CopHandelsbank	305	−4
D. Sukkerfab	420	
Danske Bank	364	−3
De Danske Luft	1,770	
East Asiatic	277	−1
Forenede Brygg	1,180	
Forenede Damp	229	
GNT Hldg	640	
I.S.S.B.	785	−10
Jyske Bank	620	+20
Novo Inds	250	
Privatbanken	279	−2
Provinsbanken	374	−1
Smidth (F.L.) B	318	
Sophus Berend	975	−5
Superfos	280	

FRANCE

May 5	Price Frs.	+ or −
Emprunt 4½% 1973	1,625	−5
Emprunt 7% 1973	7,560	−90
Accor	452	+12
Air Liquide	826	+15
BIC	644	−7
Bongrain	2,050	−10
Bouygues	1,178	+8
BSN Gervais	3,820	−15
CIT Alcatel	2,220	+25
Carrefour	3,545	+50
Club Mediter'n	561	+11
Cie Bancaire	1,215	+5
Cofimeg	445	+5
Damart	1,983	−47
Darty	2,272	+52
Dumez S.A	1,409	+32
Eaux (Cie Gen)	1,590	+19
Elf-Aquitaine	560	+11
Essilor	2,610	−10
Gen.Occidentale	960	+7
Imetal	89.8	−4.5
LaFarge-Coppee	1,490	+24
L'Oreal	3,472	−82
Legrand	3,999	+84
Maisons Phenix	300.1	−6.9
Matra S.A.	2,430	+60
Michelin B	3,290	+100
Midi (Cie)	6,360	−10
Moet-Hennessy	2,460	+50
Moulinex	80	−2.8
Nord Est	237.3	+8.5
Pernod Ricard	1,256	+11
Perrier	704	+1
Petroles Fra	389	+4
Peugeot S.A.	1,075	+30
Printemps (Au)	717	−3
Radiotech	820	+2
Redoute	1,840	
Roussel-Uclaf	1,700	+10
Sefimeg	526	
Skis Rossignol	1,391	+91
Telemec (Elect)	3,460	+180
Thomson CSF	1,297	+37
Valeo	601	−9

GERMANY

May 5	Price Dm.	+ or −
AEG	356.5	+4
Allianz Vers	2,020	−160
BASF	303.5	−5.0
Bayer	309	−6.5
Bayern Hypo	646	−10
Bayer-Verein	581	−15
BHF-Bank	632	−5
BMW	564	−11
Brown Boveri	312	−7
Commerzbank	352	−7
Cont. Gummi	260.5	−10.5
Daimler-Benz	1,433	−34
Degussa	487	−7
Preussag	317	−4
Rhein West Elect	253	−3
Rosenthal	589	−3
Schering	645	−11
Siemens	640	−27
Thyssen	165	−6.1
Varta	350	−11
Veba	325	−8
V.E.W.	165	−0.5
Verein-West	525	
Volkswagen	614.5	−10.5
D'sche Babcock	215.0	−0.5
Deutsche Bank	832	−15
Dresdner Bank	450.5xr	−10.5
GHH	246	−5.8
Henkel	421	−8.5
Hochtief	925	−5
Hoechst	265.5xr	−4.5
Hoesch Werke	187.2	−6.5
Holzmann (P)	590	−10
Horten	186	−28.5
Husel	503	−25
Karstadt	339	−8
Kaufhof	461	−5
KHD	260	−17
Kloeckner	96	−2.5
Linde	745	−15
Lufthansa	245	−5
MAN	207.5	−2
Mannesmann	225.5	−5
Mercedes Hld	2,235	−27
Metallgesell	343	−6
Muench Rueck	3,450	−210
Nixdorf	520	−3
Porsche	1,110	−20

ITALY

May 5	Price Lire	+ or −
Banca Com'le	30,000	+200
Bastogi IRBS	770	−4
Centrale	4,510	+50
C.I.R.	12,000	−480
Credito Italiano	3,811	+15
Fiat	22,099	+410
Generali Assicur	142,600	+1,100
Italcementi	67,800	+020
La Rinascente	1,300	+50
Montedison	4,625	+93
Olivetti	18,080	−2
Pirelli Co	8,180	+80
Pirelli Spa	6,010	+50
Saipem	6,300	+120
Snia BPD	7,448	+248
Toro Assic	50,900	+225

NETHERLANDS

May 5	Price Fls	+ or −
ACF Holding	295	−1.8
AEGON	104.0	−0.5
Ahold	76.2	+2.2
AKZO	160.6	−1.7
ABN	561.5	−0.6
AMEV	78.9	+0.2
AMRO	99.3	−0.4
Bredero Cert	210	−1.5
Bos Kalis Westm	15.4	−0.1
Buehrmann Tet	169	−1
Calland Hldgs	17.7	−0.1
DordtschePet'm	179.5	−0.2
Elsevier-NDU	185	−0.5
Fokker	89	−1
Gist-Brocades	266.5	+2.5
Heineken	157.5xc	−1.3
Hoogovens	156	−1
Hunter Doug.N/V	60.7	−0.2
Int-Mueller	74.5	+0.1
KLM	47.6	−0.4
KNP	134.3	+0.3
Naarden	81	−1
Nat Ned Cert	80.7	−3.3
Ned Mid Bank	190	−2
Nedlloyd	166.5	−1.5
Oce Grinten	452	−1
Ommeren (Van)	38.9	
Pakhoed	60.3	+0.3
Philips	60.5	−0.7
Robeco	91.7	−0.4
Rodamco	158.3	+0.3
Rolinco	83.4	
Rorento	50.4	−0.1
Royal Dutch	188.0	+1.1
Unilever	426	−5.5
VMF Stork	285	−3.5
VNU	289	−1
Wessanen	270	−2
West Utr Bank	80	

NORWAY

May 5	Price Kroner	+ or −
Bergens Bank	150	−6
Borregaard	324.5	
Christiania Bk	107	−2
Den Norsk Credit	149	−5
Elkem	104	−1
Kosmos	145	−4
Kvaerner	162	−2.5
Norcem	165	−3
Norsk Data	420	
Norsk Hydro	151.6	+2
Storebrand	250.5	

SPAIN

May 5	Price Pts %	+ or −
Bco Bilbao	870	−5
Bco Central	705	−15
Bco Exterior	450	
Bco Hispano	435	+15
Bco Popular	1,000	+0
Bco Santander	728	−2
Bco Vizcaya	1,218	+12
Dragados	416	−0.2
Hidrola	128	+6.3
Iberduero	151	
Petroleos	430	+21
Telefonica	217	+11

SWEDEN

May 5	Price Kroner	+ or −
AGA	198	−6
Alfa-Laval B	357	−2
ASEA (Free)	475	−10
Astra (Free)	670	−28
Atlas Copco	225	−4
Cardo (Free)	300	+5
Cellulosa	217	−4
Electrolux B	282	+1
Ericsson B	273	−4
Esselte	505	−20
Mo Och Domsjo	241	−4
Pharmacia	210	−28
Saab Scania Free	835	−5
Sandvik	850	−5
Skandia	475	−20
SKF	512	−5
Sonesson	188	
St. Kopparbergs	251	−12
Swedish Match	325	
Volvo B (Free)	384	−5

SWITZERLAND

May 5	Price Frs.	+ or −
Adia Intl	6,225	+125
Alusuisse	750	−10
Bank Leu	3,700	−25
Brown Boveri	2,560	+15
Ciba-Geigy	5,600	
do. (Part Certs)	2,630	−20
Credit Suisse	3,760	−20
Electrowatt	3,800	−25
Fischer (Geo)	1,920	
Hoff-Roche PtCts	115,500	−1000
Hoff-Roche 1/10	11,600	−125
Jacobs Suchard	7,650	−125
Jelmoli	5,400	−50
Landis & Gyr	2,000	
Nestle	8,400	
Oer-Buehrle	1,950	+20
Pirelli	474	−4
Sandoz (Br)	13,575	+275
Sandoz (Pt Cts)	1,255	
Schindler (PtCts)	900	
Sika	1,700	−30
Surveillance A	6,700	−125
Swissair	1,810	−60
Swiss Bank	375	
Swiss Reinsce	12,000	
Swiss Volksbk	2,630	
Union Bank	6,425	−25
Winterthur	6,350	+100
Zurich Ins	6,360	+125

AUSTRALIA

May 5	Price Aust $	+ or −
ACI Intl	3.62	
Adelaide Steams	14.5	+0.5
ANZ Group	6.12	
Ampol Pet	2.4	−0.06
Ashton	1.66	
Aust. Guarantee	3.46	
Aust. Nat. Inds	3.35	+0.05
APM	3.7	
Bell Group	8.5	+0.26
Bell Res	4.25xr	−0.05
Bond Corp Hldgs	4.5	+0.35
Boral	4.98	+0.08
Bougainville	2.62	+0.02
Brambles Inds	6.86	+0.02
Bridge Oil	1.18	−0.04
B. H. Prop	7.62xd	+0.12
Burns Philip	7.0	+0.2
CRA	6.48	+0.08
CSR	3.25	
Chase Corp	8.5	
Claremont Pet	0.28	
Coles-Meyer	6.06	−0.02
Comalco "A"	2.33	−0.02
Consolidated Pet	0.14	
Costain Aust	2.3	−0.1
Elders IXL	4.4	−0.05
Energy Res	1.64	+0.61

AUSTRALIA (continued)

May 5	Price Aust $	+ or −
Gen. Prop. Trust	2.7	+0.05
Hardie (James)	5.45	+0.05
Hartogen Energy	1.79	+0.04
HeraldW'y Times	6.6	+0.04
ICI Aust	2.62	−0.02
Jimberlane F.P.	0.19	−0.01
Kia Ora Gold	0.15	
Kidston Gold	0.5	
Lend Lease	9.50	+0.4
MIM	2.35	
Meyne Nickless	5.4	−0.15
Nat. Aust. Bank	5.28	+0.02
News	22.0	−0.6
Nicholas Kiwi	5.51	−0.04
Noranda P. (Pipd)	6.65	−0.02
North Bkn Hill	2.08	
Oakbridge	0.89	+0.01
Pacific Dunlop	5.2	+0.05
Pancontinental	1.88	
Pioneer Conc	2.25	−0.03
Poseidon	2.65	+0.05
Queensland Coal	1.41	+0.01
Reckitt &Colman	4.50	
Repco	2.00	
Santos	5.72	+0.15
Smith (Howard)	4.80	
Thos, Natwide	3.80	−0.1
Tooth	5.3	
Vamgas	0.15	
Western Mining	3.30	
Westpac Bank	5.96	
Woodside Petrol	0.96	
Woolworths	3.4	−0.01
Wormald Intl	4.35	+0.2

HONG KONG

May 5	Price H.K.$	+ or −
Bank East Asia	19.2	
Cheung Kong	21.7	−0.1
China Light	15.7	−0.2
Evergo	5.64	+0.01
Hang Seng Bank	35.25xd	−0.75
Henderson Land	2.12	
HK China Gas	24.7	+0.2
HK Electric	9.15	+0.10
HK Kowloon Wh	7.85	+0.10
HK Land	6.5	+0.1
HK Shanghai Bk	7.05xa	−0.05
HK Telephone	11.5	
Hutchison Wpa	30.5	−0.25
Intnl City	0.97	
Jardine Math	23.5	−0.10
New World Dev	5.4	−0.00
Orient O'seas	1.99	
SHK Props	12.5	−0.1
Shell Elect	5.96	−0.02
Swire Pac A	13.4xe	+0.2
TV−B	5.55	−0.2
World Int Hldgs	2.47	

JAPAN

May 5	Price Yen	+ or −
Ajinomoto	1,800	+20
All Nippon Air	845	+2
Alps Electric	2,090	
Asahi Chem	825	−1
Asahi Glass	1,240	+10
Bank Tokyo	775	+4
Bridgestone	650	+10
Brother Inds	625	−2
Canon	1,150	
Casio Comp	1,730	+30
Chugai Pharm	1,260	+20
Daiei	1,520	−10
Dai-Ichi Kan. B	1,490	−10
Dai Nippon Ink	485	−1
Dai Nippon Ptg	1,880	−10
Daiwa House	1,440	+40
Daiwa Sec	1,570	
Eisai	1,820	+30
Fanuc	7,340	−10
Fuji Bank	1,490	
Fuji Film	2,380	−10
Fujisawa	1,260	+70
Fujitsu	1,060	−30
Furukawa Elect	396	−5
Green Cross	2,420	+60
Heiwa Real Est	030	+5
Hitachi	830	−5
Hitachi Credit	1,420	+30
Honda	1,210	−20
Indl. Bk. Japan	1,410	+10
Ishikawajima Hr	188	+4
Isuzu Motors	350	−2
Itoh (C)	455	+8
Ito-Yokado	3,860	+90
JAL	2,390	−10
Jusco	1,490	−10
Kajima	742	−9
Kao Soap	1,470	
Kawasaki Steel	165	−1
Kirin	1,210	+40
Kobe Steel	177	
Komatsu	470	−2
Konishiroku	725	−5
Kubota	344	−1
Kumagai	838	+13
Kyocera	4,500	+100
Marubeni	328	−2
Marui	2,390	+30
Mazda Motors	407	+1
Meija Seika	729	+11
MEI	1,600	−10
M'bishi Bank	1,440	−10
M'bishi Chem	670	+20
M'bishi Corp	725	+15
M'bishi Elect	362	−8
M'bishi Estate	1,830	+30

JAPAN (continued)

May 5	Price Yen	+ or −
MHI	359	−7
Mitsui Bank	1,045	
Mitsui Co.	442	+2
Mitsui Estate	1,620	
Mitsui Toatsu	348	+5
Mitsukoshi	895	+10
NGK Insulators	1,070	
Nikko Sec	947	−15
Nippon Denso	1,490	−15
Nippon Elect	1,560	
Nippon Express	788	+18
Nippon Gakki	1,860	+30
Nippon Kogaku	1,175	+15
Nippon Kokan	154	
Nippon Oil	1,190	+20
Nippon Seiko	547	+17
Nippon Shimpan	1,020	−20
Nippon Steel	165	−1
Nippon Suisan	388	−1
Nippon Yusen	375	+4
Nissan Motor	571	−3
Nisshin Flour	550	+15
Nomura	1,880	−20
Olympus	1,260	+110
Onoda Cement	419	+9
Orient Finance	1,060	
Orient Leasing	3,450	−10
Pioneer	2,330	+30
Ricoh	870	+15
Sankyo	1,425	+10
Sanwa Bank	1,300	+40
Sanyo Elect	447	+9
Sapporo	902	+11
Sekisui Prefab	1,160	+20
Seven Eleven	7,550	+50
Sharp	895	−15
Shimizu Constn	609	−5
Shionogi	1,000	+5
Shiseido	1,900	+100
Showa Denko	267	
Sony	5,230	−10
Sumitomo Bank	1,800	−20
S'tomo Chem	315	
S'tomo Corp	758	−11
S'tomo Elect	1,130	+20
S'tome Metal	141	+1
Taisei Corp	480	+15
Taisho Marine	694	+7
Taiyo Kobe Bk	690	+15
Takeda	1,450	+50
TDK	4,310	+35
Teijin	600	
Toa Nenryo	1,715	−60
Tokai Bk	975	
Tokio Marine	1,125	+10
Tokyo Elect. Pwr	3,200	+80
Tokyo Gas	392	+4
Tokyu Corp	835	+12
Toppan Print	1,680	−30
Toray	863	+2
Toshiba Elect	432	−5
Toyo Seikan	2,310	−40
Toyota Motor	1,580	−20
UBE Inds	264	+5
Victor	3,060	+80
Yamaha	717	+1
Yamaichi Sec	945	+4
Yamanouchi	3,300	+50
Yamazaki	1,275	
Yasuda Fire	657	+15

SINGAPORE

May 5	Price $	+ or −
Boustead Hldgs	0.86	
Cold Storage	2.65	+0.02
DBS	4.76	+0.02
Genting	3.4	+0.04
Haw Par. Bros	1.85	
Hong Leong Fin	1.78	+0.01
Inchcape Bhd	1.05	+0.01
Keppel Shipyard	0.86	+0.01
Malay Banking	3.88	−0.02
Malay Utd. Ind	1.13	+0.02
Multi Purpose	0.34	
OCBC	5.25	+0.05
OUB	2.43	+0.14
Public Bank	0.81	
Sime Darby	1.15	+0.01
Singapore Air	6.35	+0.05
Singapore Press	6.00	
Straits Trading	1.94	+0.02
Tat Lee Bk	1.25	
UOB	3.02	

SOUTH AFRICA

May 5	Price Rand	+ or −
Abercom	3.00	+0.05
AE & CI	11	
Allied Tech	62	
Anglo Am. Coal	40.75	
Anglo Am. Corp	42	+0.5
Anglo Am. Gold	227	
Barclays Bank	18.25	
Barlow Rand	15.45	+0.05
Buffels	67	+0.75
CNA Gallo	2.6	
Currie Finance	4.7	−0.1
De Beers	23.5	
Driefontein	63	+0.75
FS Cons	35.75	+0.75
Gold Fields S.A.	35	+1
Highveld Steel	7	+0.25
Malbak	9.35	
Nedbank	6.5	−0.1
OK Bazaars	13.75	+1.25
Rembrandt	52.5	+0.5
Rust Plat	51.35	+0.05
Safren	16.5	
Sage Hldgs	9.5	+0.1
S. A. Brews	0.5	+5.1
Smith (C.G.)	28.0	
Tongaat Hulett	7.8	+0.1

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. ‡ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Danish Kroner.

CANADA

TORONTO
Prices at 2.30pm May 5

Sales	Stock	High	Low	Close	Chng
[illegible]					
900	Carl OK				
6000	Carma A	14	14	14	
66610	Carolin	130	40	40	−88
1032	Celanese				
11500	CemFd A	6	6	6⅛	+⅛
[illegible]					
19570	Husky Oil				
57249	Imasco				−?
65629	Imp Oil A				
10560	Inco				
9000	Indal				
[illegible]					
185	Pine Point	59	9	9	
12720	Placer D				
17800	Poco Pet				
44756	Powr Cor I				
300	Precamb	315	310	310	
[illegible]					
1995	Weston				
262799	Woodwd A				

F—No voting rights or restricted voting rights.

Indices

NEW YORK

DOW JONES	May 2	May 1	Apr. 30	Apr. 22	Apr. 28	1986 High	1986 Low	Since Cmp High	Since Cmp Low
♦ Industri'ls	1774.68	1777.76	1793.28	1925.89	1843.75	1855.90 (21/4)	1502.29 (22/1)	1855.90 (21/4/86)	41.22 (2/7/32)
H'me Bnds.	91.11	91.64	81.50	91.17	00.06	91.94 (21/4)	83.70 (14/1)	—	—
Transport	786.56	791.25	722.25	807.41	815.26	830.84 (31/3)	686.97 (9/1)	830.84 (31/3/86)	12.02 (8/7/32)
Utilities	181.41	179.71	172.65	182.56	185.58	193.73 (31/3)	169.47 (22/1)	183.73 (31/3/86)	10.5 (8/4/32)

Day's High 1795.88 (1796.88) Low 1763.14 (1761.04)

STANDARD AND POOR'S	May 2	May 1	Apr. 30	Apr. 22	Apr. 28	1986 High	1986 Low	Since Cmp High	Since Cmp Low
Composite ‡	234.72	236.15	235.52	240.51	243.08	244.74 (21/4)	203.49 (22/1)	244.74 (21/4/86)	4.40 (1/6/32)
Industrials	261.25	262.26	262.64	268.32	271.07	271.08 (21/4)	224.88 (22/1)	271.88 (21/4/86)	3.62 (31/6/32)
Financials	29.54	26.71	28.64	29.56	29.88	31.13 (14/3)	25.19 (22/1)	31.13 (14/3/86)	2.64 (1/10/74)
N.Y.S.E. COMPOSITE	135.39	135.48	135.75	138.41	139.82	141.27 (21/5)	117.75 (22/1)	141.07 (21/4/86)	4.64 (25/4/42)
AMEX.MKT. VALUE	268.77	268.92	268.27	272.25	274.52	274.59 (21/4)	240.30 (4/2)	274.59 (21/4/86)	29.13 (9/12/74)
NASDAQ OTC COMP.	383.18	382.67	383.24	389.29	391.43	392.34 (25/4)	335.01 (8/1)	534.86 (25/2/34)	54.97 (3/10/74)

DIVIDEND YIELDS	Apr. 25	Apr. 18	Apr. 11	Mar. 21	Year ago (approx)
Dow Industrial	3.55	5.54	3.64	3.65	4.72
	Apr. 30	Apr. 23	Apr. 16	Apr. 9	
S and P Industrial	3.06	2.98	2.99	3.11	3.93
S and P Ind P/E ratio	16.83	17.22	17.20	16.56	11.20

TRADING ACTIVITY

Volume † (Millions)	May 2	May 2	Apr. 30
New York	226.27	146.48	147.46
Amex	159.39	15.959	12.563
O.T.C.	—	114.31	120.94

New York	May 2	May 1	Apr. 30
Issues Traded	1,299	2,625	2,050
Rises	768	630	358
Falls	823	965	1,342
Unchanged	408	420	352
New Highs	—	34	50
New Lows	—	18	11

CANADA

TORONTO	May 3	May 1	Apr. 30	Apr. 29	Apr. 28	1986 High	1986 Low
Metals & Minerals	2120.25	2115.0	2117.5	2175.5	2187.4	2442.85 (21/01)	2067.1 (2/1)
Composite	3678.0	3667.6	3678.2	3115.2	3126.4	3199.11 (10/4)	2764.0 (17/2)
MONTREAL Portfolio	1576.55	1578.76	1575.22	1601.24	1611.21	1625.00 (16/4)	1386.60 (22/1)

NYSE-Consolidated 1500 Actives

	Stocks Traded	3.00p.m. Price	Change on Day
Viacom	1,414,000	65½	+1½
Mobil	1,342,500	36⅛	+⅜
P SVC Ind	1,133,000	11⅞	−⅛
ATT	1,120,000	25¼	+⅜
Philips Pet	1,040,100	10	+⅛
Rowco O.S.	974,800	16½	+¾
Chevron Corp.	921,800	19⅝	+¾
Amer Elect	896,900	25⅞	−⅛
Oxy Pete	019,200	26¼	+⅜
Boeing	810,500	56⅝	+1⅛

Advances 1,012 Declines 563

	May 5	May 2	May 2	Apr. 30	1986 High	1986 Low
AUSTRALIA						
All Ord. (1/1/80)	1231.2	1224.7	1217.9	1210.6	1231.2 (5/5)	1018.0 (2/1)
Metals & Minls. (1/1/80)	518.9	510.4	516.8	517.7	602.0 (24/3)	492.5 (2/1)
AUSTRIA						
Credit Bk Aktien (2/1/62)	127.86	197.41	(c)	128.12	130.69 (24/4)	110.12 (5/3)
BELGIAN						
Brussels SE (1/1/80)	3605.69	3585.51	(c)	3598.35	3700.78 (24/4)	2766.91 (15/1)
DENMARK						
Copenhagen SE (3/1/83)	239.55	241.35	240.95	241.47	250.70 (18/4)	214.37 (21/1)
FRANCE						
CAC General (31/12/82)	393.8	388.10	(c)	387.2	404.9 (25/4)	367.8 (2/1)
Ind Tendance (31/12/85)	147.80	145.8	(c)	145.1	152.0 (25/4)	131.6 (2/1)
GERMANY						
FAZ Aktien (31/12/58)	691.77	703.88	(c)	715.98	753.88 (17/4)	618.34 (27/2)
Commerzbank (1/12/53)	2109.0	2133.4	(c)	2170.9	2278.8 (17/4)	1863.5 (27/2)
HONG KONG						
Hang Seng Bank (31/7/64)	1842.44	1843.14	1848.65	1838.99	1848.65 (28/4)	1559.94 (19/5)
ITALY						
Banca Comm Ital. (1972)	790.76	775.88	(c)	756.04	790.76 (5/5)	454.67 (24/1)
JAPAN**						
Nikkei (16/5/49)	(c)	15868.44	15782.6	15925.5	15868.4 (2/5)	12891.5 (21/1)
Tokyo SE New (4/1/68)	(c)	1252.72	1248.45	1251.68	1255.93 (31/3)	1025.85 (21/1)
NETHERLANDS						
ANP-CBS General (1970)	264.8	265.8	255.6	(c)	273.8 (17/4)	240.4 (3/3)
ANP-CBS Indust (1970)	253.4	255.8	253.7	(c)	259.7 (17/4)	234.0 (3/3)
NORWAY						
Oslo SE (4/1/83)	338.05	339.85	(c)	335.97	402.91 (18/1)	334.89 (29/4)
SINGAPORE						
Straits Times (30/12/66)	566.67	573.38	(c)	570.20	644.89 (8/1)	563.34 (28/4)
SOUTH AFRICA						
JSE Gold (28/9/78)	—	1182.90	1180.0	1146.3	1507.9 (27/1)	1109.1 (21/4)
JSE Indust (28/9/78)	—	1104.40	1095.9	1056.5	1200.1 (29/3)	1069.3 (2/1)
SPAIN						
Madrid SE (30/12/85)	184.61	(c)	(c)	180.43	184.51 (5/5)	100.65 (3/1)
SWEDEN						
Jacobson & P (31/12/56)	2207.45	(c)	(c)	2241.08	2372.65 (22/4)	1723.57 (29/1)
SWITZERLAND						
Swiss BankCpn (31/12/58)	580.0	586.8	(c)	(u)	625.5 (8/1)	554.7 (28/2)
WORLD						
M.S. Capital Intl. (1/1/70)	—	314.5	316.4	317.5	322.2 (21/4)	249.8 (25/1)

** Saturday April 26: Japan Nikkei 15,707.3. TSE 1,246.32.

Base value of all indices are 100 except Brussels SE—1,000, JSE Gold—255.7, JSE Industrial—264.3, and Australia All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

OVER-THE-COUNTER *Nasdaq national market, 3pm prices*

Continued from Page 37

Stock	Sales (Hnds)	High	Low	Last	Chng
PicCafs .52	82	24⅝	24¼	24¼	+⅛
[illegible]					
RobNug .06	4	12	11⅞	12	
RobVsn	110	10	9½	10	+¼
Rouses .60	48	31¼	31¼	31¼	
RoyPlm	15	9¼	9⅛	9⅛	−⅜
RoyIRs	50	3	3	3	+⅛
RustPel	63	10⅞	9⅞	9⅞	+⅛
RyanFs	715	30½	29¾	30½	+½
S S					
SAYInd	324	10¼	9¾	9¾	
SCI Sy	788	18½	18	18½	+½
SEI	12	24¾	24¼	24¾	+¼
SFE	17	7¾	7¾	7¾	
Safecds .24	1839	22⅞	21½	22¼	+½
Safeco 1.60	381	57⅞	57⅛	57⅞	+⅝
SetHlts	3311	8½	8	8½	+½
StJude	314	31¾	29⅞	31¾	+1
StPaul	9 518	83¼	82½	83	+¾
[illegible]					
Speedy	64	29¼	29	29¼	
Spctran	278	9½	8¾	8¾	−1¼
SpecCtl .07	70	15⅛	10	10	−⅛
Spire	34	14½	14¼	14¼	−⅛
StarSur	160	11⅝	11⅛	11⅛	+⅜
StafBld .20	218	11⅞	10⅞	11	
Standy 1.08	30	41¾	41¼	41¾	+½
StdMic	1137	18¾	17¼	18¾	+1½
Stanhm 1.52	139	41¼	40	41	+1½
StaStBs .64	140	53¾	53¼	53¼	−¼
StateG .06a	94	6⅞	6⅝	6⅝	−⅛
Steiger	47	5	4⅞	4⅞	
StewSlv	4	15⅛	15	15⅛	+⅛
Swinf .72	81	26	25½	25¾	−¼
Stifel	95	10	9¾	10	+¼
Stratus	718	23¼	22½	23	+½
StrwCls .84b	239	56¼	55¼	56	+½
[illegible]					
UnTelev	56	29½	29⅛	29¼	−⅜
UVaBs 1.84	201	60¼	59⅞	60¼	+¼
UnvFrn	70	34¼	34	34¼	−⅛
UnvHlt	176	14⅛	14	14	
[illegible]					
UFnGrp	5	4⅝	4½	4½	−⅛
UFstFd .20	288	33¼	33	33⅛	+⅛
UGrdn 1.64t	25	10½	10⅛	10⅛	+⅜
UPresd	8	14⅞	14⅞	14⅞	−⅛
US Ant	181	2⅝	2 7-16	2 7-16	−¼
US Bcp 1	55	40¼	40	40	
US Cap	75	3	2⅞	3	+⅛
USDsgn	339	2	1⅞	2	+⅛
US HltC .12	2288	17⅞	16⅞	17⅝	−⅛
USShelt .12	39	4	3¾	4	
US Sur .40e	680	24⅝	23⅞	24½	+⅝
US Trs 1.32	15	58½	58	58	
UStatn .24	880	21¾	21	21	−¾
X Y Z					
Xebec	656	3¼	3	3 1-16	
Xicor	144	11	10⅞	11	+¼
Xidex	2546	19⅝	18¾	19⅝	+⅞
YlowFs .54	116	35⅛	34¾	34⅞	−⅛
Ziegler .48a	6	19¼	19¼	19¼	+¼
ZionUt 1.36	12	55½	55½	55½	+¼
Zitel	17	5	5	5	
Ziyad	306	5⅞	5⅞	5⅞	
Zondvn	136	20⅞	20½	20⅝	+⅛
Zymos	140	2⅝	2 5-16	2 5-16	−⅛

Prices at 3pm, May 5

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 37

NYSE COMPOSITE PRICES

Continued from Page 36

[illegible]

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begins with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

Prices at 3pm, May 5

[illegible]

OVER-THE-COUNTER

Nasdaq national market, 3pm prices

[illegible]

Continued on Page 35

FINANCIAL TIMES
WORLD STOCK MARKETS

WALL STREET

Refunding plan fuels optimism

ENCOURAGED by a confident federal bond market, stock prices staged a cautious rally yesterday from the weakness of the past four trading sessions, *writes Terry Byland in New York.*

Investment activity was subdued by the commencement of the Group of Seven economic summit in Japan and by closure for the day of the London and Tokyo financial markets.

But New York felt more optimistic towards this week's record $27bn refunding programme from the US Treasury, and long-dated federal bonds gained three quarters of a point. However, weak federal economic data suggested that interest rates may fall further in the month ahead.

The stock market was led higher by IBM and the other technology stocks. Despite an easier trend in crude oil futures in New York, oils improved, but turnover was light.

By 2pm, the Dow Jones industrial average was 7.31 up at 1,761.99.

The rash of vehicle price increases brought gains in the Detroit motor stocks. General Motors at $79½ added $⅞, still responding to its decision to increase car prices. Chrysler, planning to lift prices for its light trucks and popular minivans, gained $1 to $38⅛ while Ford, which is following suit, jumped $1⅛ to $78⅝.

Worries surrounding US public attitudes towards nuclear-powered utilities in the wake of the accident to the Soviet plant continued to subdue utility stocks. Long Island Lighting (Lilco) eased $¼ to $11⅞. However, among the other utilities with significant nuclear involvement. Atlantic City Electric rallied $½ to $33¾.

The Dow transportation average responded to sharp gains in rival railroad stocks as a strike shut down about a third of the Atchison, Topeka & Santa Fe network.

Burlington Northern added $1¼ to $67¼, and others to firm included Union Pacific, $⅛ higher at $51, and CSX, $⅝ up at $33⅛. However, Santa Fe stock edged up $¼ to $35½, hoping that its new-style freight cars, intended for both rail and road haulage, will overcome union resistance.

Wall Street took a favourable view of the House approval of a fiscal 1987 federal budget incorporating new taxes. Defence stocks moved higher, with Boeing $1 up at $56¼, Lockheed up $¼ at $55⅞ and United Technologies $⅛ firmer at $50½.

Saatchi edged up $⅛ to $38 in the over-the-counter market, as it negotiated to buy Ted Bates Worldwide, a move that would make Saatchi the world's largest advertising agency.

Banking stocks improved, hoping that further falls in short-term rates will help earnings statements. Once again, J. P. Morgan stood out with a gain of $1⅜ at $81⅜.

Although federal funds remained low at 6[13]/[16] per cent, the Fed made a further $2.5bn in customer repurchase arrangements, to help smooth the path of the Treasury auctions which open today with the sale of $9bn three-year notes. Bond prices remained firm, but off the top at mid-session, while Treasury-bill rates eased by a couple of basis points.

● Toronto fell to the day's lows by mid-session, and Montreal followed suit with only oils and banks moving ahead.

SOUTH AFRICA

FIRMER gold issues pulled Johannesburg higher as the bullion price held steady at higher overnight levels.

Vaal Reefs gained R2 to R212 and Driefontein added 75 cents to R53.

Industrials were boosted by news that South African banks will cut the prime lending rates effective from next Monday. Barlow Rand rose 5 cents to R15.45.

TOKYO INVESTMENT

Looking to the summit for a guide

MANY INSTITUTIONAL investors in Tokyo are closely following discussions on international monetary matters at the Tokyo summit meeting of leading industrial nations which started on May 4, *writes Shigeo Nishiwaki of Jiji Press.*

In the absence of leaders, the stock market has entered a corrective phase as a consequence of the yen's surge against the US dollar and following the boom led by domestic demand-oriented shares from early this year to March. Investors hope the outcome of the summit will furnish a practical guide to the market outlook for May and beyond.

The rush of buy orders for domestic-demand stocks from cash-rich institutions, corporations, individuals and foreign investors as well sent the Nikkei average soaring to an all-time high of 15,859 at the end of March, up by a sharp 2,722 points from earlier this year.

Both the Tokyo and London stock exchanges were closed yesterday for national holidays.

Blue chips and many other shares lost popularity after the Group of Five agreement to push the dollar down and with the intensification of trade friction. Subsequently, domestic demand-orientated issues such as real estates, constructions and electric powers came to dominate the market.

In April, however, the market lost vigour with both turnover and share prices depressed as the outlook was tarnished by the accelerated appreciation of the yen against the dollar.

Mr Peter Tasker, research section manager of the Japanese equity department of Kleinwort Benson International, said investors were at a loss to fund stocks in which to put their money.

But investors remain bullish about the market outlook, generally ruling out the possibility of share prices treading a downward path.

Mr Kenichi Tato, general manager of the Stock Investment Department of Nippon Life Insurance, said the situation was much changed from a decade ago, when cash-poor individual investors dominated the stock market and a slump reliably followed a bull market. Today, there was widespread recognition that share prices would not go down, although no-one could be assured they would rise in a market dominated by cash-rich institutional investors

The question is which shares will lead the next leg of the bull market. Blue chips are a possible candidate if the dollar weakens to between Y180 and Y190 as a result of a monetary agreement reached at the summit, suggested Mr Yasuharu Yabuta, general manager of the Investment Advisory Division of the Mitsubishi Trust and Banking Corporation.

Mr Yabuta said he favoured domestic demand shares. Avoiding the hidden-asset issues that had boomed through March, he was interested in shares related to improvements in traffic and information networks and living environments, such as Daiwa House, Ebara and Kurita Water Industries. He was also attracted to companies benefiting from cost reductions because of cheaper oil, such as Mitsubishi Petrochemical, Mitsui Petrochemical and Dainippon Ink and Chemicals.

Mr Tato said domestic-demand-related issues such as Mitsubishi Estate and Tokyo Electric Power had become so expensive that he was offloading them along with blue chips. Domestic demand issues would remain favourites on illusory expectations, but prices would peak after plans were set for the issue of construction bonds to cushion the deflationary impact of the yen's appreciation on the economy, he added. In his view, the outcome of the summit would not mean a turning point for the stock market.

AUSTRALIA

INDUSTRIALS surged in Sydney yesterday, pushing the All Ordinaries index to a record 1,231.2, up 6.7.

Mining groups were mixed while oil and gas issues recovered from recent lows and golds were mostly lower.

BHP, on speculation of a new bid, jumped 12 cents to A$7.62. Bell Group surged 26 cents to A$8.50 while Adsteam put on 25 cents to A$14.50.

SINGAPORE

ONE of the slowest days of trading on record left Singapore narrowly mixed yesterday.

Most investors opted to put their money in the Central Provident Fund savings – the Government's retirement savings scheme

Banks were mostly firm, with OUB up 14 cents at S$2.42 and DBS 2 cents at S$4.76.

EUROPE

Uncertainty results in thin trading

UNCERTAINTY and hesitation ahead of the Tokyo summit outcome and the outlook for interest rates and the dollar persisted in European bourses yesterday. Thin trading, partly due to the absence of British investors, left prices mixed to lower.

In Frankfurt the Commerzbank share index fell 29.4 to 2,109.0, and the heaviest losses came from the chemical, car, machinery and banking sectors.

On its first day of trading, industrial group Feldmühle ended at DM 334 against an issue price of DM 285. Electrical AEG was another of the few shares to end higher, adding DM 4 to DM 356.50 on expectations of strong results.

Bonds fell on profit-taking, with longs dropping around 150 basis points. The Bundesbank bought a large DM 181.6m worth of paper after buying DM 103.9m on Friday.

Amsterdam, Oslo, Stockholm and Zurich were all quiet in lacklustre trading with profit-taking biting away at recent sharp gains.

Brussels firmed slightly ahead of today's one-day public service strike. Chemicals lost out while financial issues showed gains.

Despite quiet trading, **Paris** continued to firm ahead of Thursday's Ascension Day holiday. Construction group Screg rose 6.7 per cent to FFr 67 while Avions Dassault put on 5.6 per cent to FFr 1,849.

Demand for banks, insurance issues and financials led **Milan** higher while industrials were also stronger. Fiat gained L419 to L12,999.

The advance in **Madrid** was led by communications group Telefonica, which firmed Pta 11 to Pta 217.

HONG KONG

AS MOST of the market's funds remianed locked into the Cathay Pacific public share offer, trading was quiet in Hong Kong with prices ending mixed.

The Hang Seng index shed 0.70 to 1,842.44, and turnover was down substantially from Friday.

Interest in Hongkong Land and Hongkong Wharf boosted both issues 10 cents to HK$6.50 and HK$7.35, respectively.